FINANCIAL TIMES

No. 29,733 *** Saturday September 21 1985

UK 35p U.S.A. $1.00 Canada C$1.00 Bermuda $1.50

WORLD NEWS

Oil prices rise after Kharg raid

Kharg Island, Iran's main export terminal, was severely damaged by an Iraqi air raid on Thursday, according to shipping and oil companies. It was the 10th attack since August 15.

The report had an impact on the oil spot market where North Sea quotations rose yesterday by 10-15 cents. The market was also affected by the Mexican earthquake. Back Page

PLO delegates invited

Mrs Thatcher announced a shift in Britain's Middle East policy when she invited two members of the Palestine Liberation Organisation executive committee to London as part of a Jordanian-Palestinian delegation. Back Page

Steel claim for Alliance

Liberal leader David Steel, winding up the party's assembly at Dundee, claimed that after the next general election the *Alliance* would be the only credible alternative to Thatcherism. Back Page; Details Page 5

De Lorean indicted

John De Lorean was named in a 15-count criminal indictment involving the financial affairs of his failed sports car company, the U.S. Justice Department said.

Boesak charged

Allan Boesak, the South African anti-apartheid church leader, was charged with subversion and freed on R20,000 (£6,000) bai

Powell warns on riots

Enoch Powell, MP, in a speech at Birkenhead, warned that Britain faced being unimaginably wracked by dissension and violent disorder if the size of the coloured population was not reduced. Page 3

GCHQ pay gap

Some members of the staff federation at GCHG, Cheltenham, are being paid between £3,000 and £4,000 a year more than colleagues doing similar work who remained in unions after they were banned there Page 5

Liverpool strike blow

Liverpool City Council's fight against government spending policies received a setback when officials of the National Union of Public Employees recommended rejection of calls for a strike by council staff. Page 4

MEP mugged

Fred Tuckman, MEP for Leicester, was recovering after being knocked unconscious and robbed of £165 in a Brussels street on Thursday night.

Demonstrators killed

At least 20 people were killed and dozen wounded when police opened fire during a demonstration b yfarmers and striking bus drivers in the central Philippines.

Radio station stormed

Five armed men forced a state-owned radio station in Bastia, Corsica, to broadcast a tape urging islanders to support the outlawed Corsican National Liberation Front which seeks independence from France.

Jumbo-size pets

Indonesians are to be allowed by the governmen to keep elephants as pets in an effort to persuade jungle settlers to live peacefully with animals.

Test squad named

England's 16-strong cricket squad to tour the West Indies this winter will include fast bowlers Foster and Thomas, batsmen Willey and D. Smith and wicketkeeper French. All 11 who won the final Test against Australia are selected.

BUSINESS SUMMARY

S. African surcharge on imports

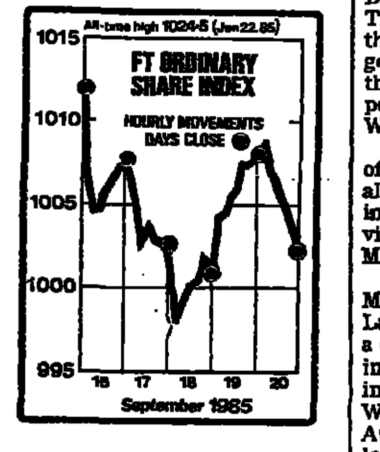
SOUTH AFRICA is to impose a 10 per cent import surcharge which will affect an estimated 55 per cent of imports and raise R400m (£123.46m) in the next six months as part of a R900m *reflationary* package.

The surcharge, which comes into effect on Monday, will be on all goods not bound by the General Agreement on Tariffs and Trade, Minister of Finance, Barend du Plessis said.

CBI and the Government believe that pay rises in the coming wage round may be pushed down one or two percentage points below the 4.5 to 7.5 per cent settlement spread of the past year. Back Page

SINCLAIR Research, the home computer group, underwent a big shake-up, with nine directors losing their place on the board, including ICL chairman Robb Wilmot. Back Page

LEADING EQUITIES, encouraged by Wall Street, started firm but prices drifted lower as demand failed to materialise.



The FT Ordinary share index stood at 1,008.8 at 10 am, a point higher than Tursday's close, but ended 5.6 down and 9.7 lower on the week at 1,002.2. Page 12

PHILLIPS & DREW became the first stockbroker to move directly into banking when the Bank of England granted it a licence to take deposits. Page 4

BANK OF SCOTLAND became the first big UK bank to cut its mortgage interest rates in response to the summer interest rate fall. Repayment mortgages will be cut by 0.5 percentage points to 13 per cent on a flat rate basis. Page 4

REDUNDANCY notices were sent to nearly all 600 employees at Rediffusion Consumer Manufacturing, the colour TV subsidiary of British Electric Traction. Page 4

CHINA'S economic plans for the next five years involve *relaxing central control over* the economy and distancing itself further from Communist economic ideals. Page 3

INTER-AMERICAN Development Bank is campaigning for a special trust fund that could channel billions of dollars in fresh finance to Latin American countries. Page 3

RUPERT MURDOCH'S News International group and Groupe Bruxelles Lambert are to form a joint company based in Belgium to study and develop audio-visual projects including satellite broadcasting. Page 3

BLUNDELL-Permoglaze Holdings, paint manufacturer, incurred an interim pre-tax loss *of £767,094 struck after* an exceptional charge for redundancies of £228,251, compared with a profit last time of £406,715. Page 8

BODDINGTON'S Breweries lifted interim taxable profits from £4.16m to £4.72m on turnover up from £23.81m to £25.63m, and is poised for *record taxable profits for the* year. Page 8

GHH, the West German industrial group, is to merge with its major subsidiary, MAN, the heavy vehicle and motors concern, in a sweeping corporate overhaul. Page 9

Death toll in Mexican earthquake likely to be 6,000

THE DEATH toll in the earthquake that struck Mexico City and the country's Pacific coast on Thursday is expected to reach 6,000 with 20,000 injured. These are crude estimates that emerged yesterday as limited contact with the outside world was restored, Robert Graham and John Moore report.

The extent of the destruction and disruption caused by the earthquake, which was measured at 7.8 on the *Richter scale, is preventing* detailed assessment of loss of life and damage. It is also delaying action on the many offers of aid from the main industrial countries.

International insurance groups face claims of more than $1bn (£730m) through the damage caused by the earthquake.

In London yesterday, insurance experts were describing the potential claims from the damage as "horrtndous." But the losses will be spread among hundreds of insurance companies and it was thought unlikely that any one insurance group would face severe losses.

El Universal, one Mexican newspaper which managed to publish, despite a near collapse of the electricity system, claimed at least 3,000 people had been killed in the capital alone.

But Sr Ramon Aguirre, the mayor of Mexico City said early yesterday: "I would not dare give a number."

The worst area was the business district and part of the tourist shopping area, the Zona Rosa. Many modern office blocks colapsed or were decalred yesterday as dangerous to use. One city official said that about 35 per cent of all buildings were unsafe. Three large hotels col*lapsed, including an old land*mark, the Regis. A further 250 principal buildings were destroyed.

After President Miguel de la Madrid had declared the capital a disaster area on Thursday evening, up to 10,000 troops were drafted in to prevent looting. Yesterday they were patrolling the streets. To help clear rubble from the streets and speed rescue operations, 50,000 workers were engaged.

As night fell, fires caused by gas explosions were still being reported. Firemen were unable to cope with the number of blazes. Many of the 18m inhabitants of the sprawling metropolis prepared to spend a second night in the open or in temporary shelter, for fear of fresh termors which were reported duing the day.

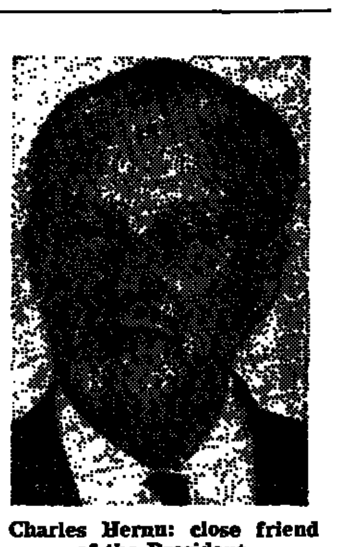
Mexico City's aiport was fully open yesterday but telecommunications traffic remained disrupted as a *result of damage to key* installations. In a first brief despatch, our correspondent David Gardner said: "Whole areas devastated here. Estimated death toll about 6,000 but no reliable figure. Country at standstill."

The epicentre of the aerthquake was just off the coast at Acapulco. Four coastal states — Colima, Guerrero, Jalisco and Michoacan—were the worst affected, after the

Continued on Back Page
More Mexico reports and pictures, Page 2

Hernu sacked over sinking

BY DAVID HOUSEGO IN PARIS



Charles Hernu: close friend of the President.

PRESIDENT Mitterrand's Administration was seriously weakened yesterday after M Charles Hernu, the Minister of Defence was forced to resign. The move implicitly confirms that the French foreign intelligence service was involved in the blowing up of the Greenpeace boat, the Rainbow Warrior.

Admiral Pierre Lacoste, head of the service, the DGSE, was also dismissed as the first step in a shake-up of the secret services called for by President Mitterrand on Thursday night.

M Laurent Fabius, the Prime Minister said that Admiral Lacoste had declined to answer a crucial written question touching on the DGSE's possible involvement in the Rainbow Warrior's sinking on July 10 in Auckland harbour, New Zealand.

The resignation of M Hernu, a close personal friend of M Mitterrand, is a humiliating blow for the President. It gives an impression of confusion in the Government which is bound to damage the Socialists' chances in the march parliamentary elections.

It is still unclear whether M Hernu was misled by his subordinates or whether he was seeking to protect them.

In taking strong action the Administration hopes that it can cut short the political crisis and save President Mitterrand from accusations of being involved in a Watergate-style cover-up.

In his letter to the Prime Minister on Thursday night M Mitterrand insisted that his only aim throughout the affair had been to establish the truth.

The main political question is whether M Mitterrand can maintain his moral stature as President. He faces opposition attacks that as head of the armed forces he has overall responsibility for the intelligence services and that he was told of DGSE operations in New Zealand on July 18, but waited three weeks before setting up a commission of inquiry.

M Philip Mestre, an opposition deputy and a close associate of M Raymond Barre, the former Prime Minister, claimed yesterday that M Mitterrand must have been perfectly aware after July 18 of the secret services' activities in New Zealand.

It is unclear what the fresh inquiries that M Fabius has called for will bring to light or how the armed forces will react to the further dismissals that seem to be in store.

In an effort to minimise the crisis President Mitterrand yesterday kept cabinet changes accompanying M Hernu's departure to a minimum.

M Paul Quiles, Minister of Transport, was moved to take over M. Hernu's portfolio with an initial task of establishing the truth in the Greenpeace affair. He has been replaced as Minister of Transport by M Jean Auroux, until now a junior minister in the department.

While Parisians read avidly the details of the crisis, M Fabius flew to Marseilles to fulfill a previous engagement and give the impression of "business as normal."

Hernu's successor, Page 2; Man in the News, Page 6.

Loans burden set to increase

BY PETER MONTAGNON,

MEXICO may be forced to seek hundreds of millions of dollars of extra foreign loans as a *result of the earthquake.* It is already facing a row with the International Monetary Fund (IMF) over its $96bn (£70bn) foreign debt, bankers said yesterday.

The fund had told Mexico that it was not eligible to draw on a $450m loan instalment, due this quarter, because of its failure to meet key economic *targets, particularly to do with* its public sector deficit.

Worries about Mexico's economic performance have been growing for several months. Coupled with reports of a sharp increase in capital flight, they have raised doubts over official estimates for borrowing needs next year of $2bn to $3bn, half of which was to come from *commercial banks.*

However, the earthquake makes it almost certain that Mexico will have to seek much more foreign finance and renegotiate its economic programme with the IMF. So much public spending seems to be required for repair of stricken areas of Mexico City, and elsewhere in the country, that previous compliance with IMF targets would not have prevented this need for extra money and a renegotiation.

Most communications with Mexico City were broken yesterday so there was confusion in the banking community. Bankers were unable to obtain clarification of Mexico's plans after the IMF decision, which had only been officially confirmed to them late on Thursday, soon after the earthquake.

In the immediate future, the main worry is the $20.1bn tranche of Mexico's latest $48.7bn rescheduling agreement with commercial banks, which was signed last month but has not become fully effective.

Bankers said it was also very important that Mexico should make an early statement of its intentions towards its IMF programme. They will be looking for this when President Miguel *de la Madrid addresses the* United Nations General Assembly in New York next week.

International sympathy after the earthquake could help Mexico to arrange speedy international loans and overcome its difficulties with the IMF, if it is handled correctly, some bankers believe.

"It's crucial that they speak to the IMF now and hit the World Bank and the Inter-American Development Bank for quick loans," one said.

Key oil installations, mines and agricultural areas appear to have escaped the earthquake, but some bankers said they were worried about the loss *later of foreign exchange earn*ings through damage to west coast resorts.

Expectations in the financial community yesterday were that earthquake relief would be handled separately from the country's debt and its previous economic problems.

Chile was able to renegotiate its public spending targets with the fund, after an earthquake this year, but failed to secure any extra loans from commercial banks.

U.S. government officials last night denied reports that Mexico had sought an emergency bridging loan from the U.S. Treasury before the earthquake struck.

Unlike Mexico, Chile was in good standing with the IMF when its earthquake occurred.

Mexico must start its new talks with the fund in the knowledge that its refusal to devalue its peso in step with inflation this year, and the fact that inflation is running at 56 per cent a year, have left some IMF officials irritated at the government's performance.

IADB calls for debt help for Latin America, Page 3

Slower U.S. growth hits dollar

BY STEWART FLEMING IN WASHINGTON

U.S. GOVERNMENT hopes that the economy would recover strogly in the second half of the year suffered a sharp blow yesterday, with estimates showing slower than-expected growth in the third quarter. This pushed the dollar sharply lower on foreign exchanges.

The Commerce Department in Washington in its flash estimate showed real gross national product in the third quarter increasing at a nannual rate of only 2.8 per cent. This figure came with a revision downward of the second-quarter GNP figure to 1.9 per cent, from 2 per cent.

The investment community had generally expected faster growth for the latest quarter and the dollar moved sharply lower on release of the figures.

During European trading it lost 5.7 pfennig on the day, to finish in London at DM 2.844, though it had regained some of this loss by mid-afternoon in New York.

The weakness of the U.S. unit boosted the pound, which finished 2.95 cents up on the day in London at $1.37.

The flash estimate is likely to be treated with considerable care as an indicator of the U.S. economy's performance in the third quarter, because crucial data, including that on stocks and trade statistics for August and September, have had to be estimated.

But economists concluded that it was almost certain that the U.S. Administration's predictions earlier this month that the economy was powering itself back to a 5 per cent annual growth rate in the second half looked hopelessly optimistic.

For this rate to be achieved the economy would have to expand at an annual rate of about 7 per cent in the fourth quarter. For the year, the Administration's projections that the economy would grow by 2.7 per cent, rising to 6.8 per cent in 1986, were also looking unrealistic.

Yesterday's figures will not resolve the debate among private economists over whether the economy is reviving from the stagnation of the past 12 months, as Dr Malcolm Baldridge, the Commerce Department Secretary, suggested yesterday, or whether it is becoming increasingly vulnerable to a sharper slowdown.

In preparing the flash estimate the U.S. Government has assumed that demand in the economy is still as strong as it has been throughout the year.

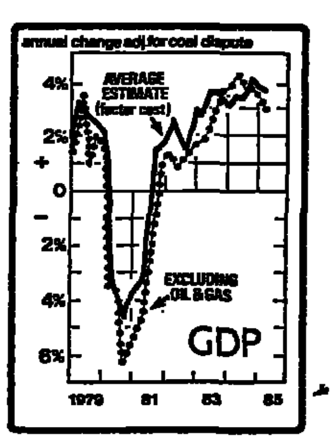
Real domestic final demand rose by almost 5 per cent in the first half, although the GNP increased by only 1.1 per cent, partly because of the leakage of demand overseas as imports rose.

The Commerce Department said that personal consumption expenditures and Government purchases were expected to account for most of the third-quarter increase in growth.

Continued on Back Page
Japanese GNP, Page 3

British economy growing at 4% annual rate

BY MAX WILKINSON, ECONOMICS CORRESPONDENT



THE BRITISH economy has been growing at an underlying annual rate of about 4 per cent, the latest official figures suggested yesterday.

They showed that Gross Domestic Product in the second quarter of the year was 5 per cent higher than the level a year earlier. However, after allowing for the recovery from last year's miners' strike, officials estimate that the rate of increase is closer to 4 per cent.

This is a respectable rate of growth by historic standards and suggests that the recovery which started in the spring of 1981 has, if anything, been gathering pace since the end of last year.

The figures are the opposite of what the Central Statistical Office predicted a year ago on the basis of its economic indicators. It said then that a turning point would probably be reached in the early part of this year, after which the pace of growth would slow down.

The relative strength of the recovery in the past 18 months is particularly marked for the non-oil part of the economy. This has been growing at an annual rate of about 4 per cent. The whole economy including oil has grown at about 3 per cent since early 1981.

Yesterday's figures showed very little growth in the economy between the first and second quarters of this year, after allowing for the effects of the miners' strike. However, officials think this may reflect special factors including the acceleration of company investment in the first quarter of the year to take advantage of larger tax allowances before the Budget.

The strength ofthe recovery in the first half of this year has been underpinned by a strong

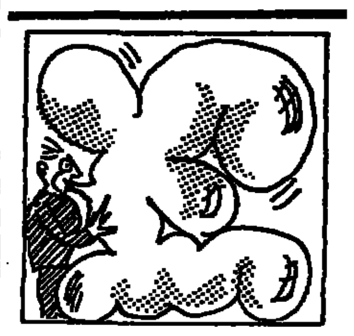
Continued on Back Page

WEEKEND FT

FARMING

This month farmers celebrate the harvest festival. But is there much for which to give thanks ?

Page I



BUSINESS EXPANSION

Your chance to invest in something different.

Page IV

KNITTING

New books with patterns to suit all tastes.

Page XV

VILLAS

You can have a property built in Majorca, or just spend a fortnight enjoying your independence.

Page X and XII

MARKETS

DOLLAR

New York lunchtime:
DM 2.8450
FFr 8.6760
SwFr 2.3400
Y239.6

London:
DM 2.8440 (2.9010)
FFr 8.6775 (8.8450)
SwFr 2.3415 (2.3830)
Y240.05 (242.00)

Dollar index 139.6 (141.1)
Tokyo close Y242.00

U.S. LUNCHTIME RATES

Fed Funds 7⅞%
3-month Treasury Bills: 7.01%
Long Bond: 100⅞
yield: 10.59

GOLD

New York: Comex Dec latest $322.9
London: $319.5 ($316.75)

STERLING

New York lunchtime: $1.37075
London: $1.3700 ($1.3405)
DM 3.8950 (3.8875)
FFr 11.8875 (11.8575)
SwFr 3.2075 (3.1950)
Y328.75 (324.50)
Sterling Index 82.0 (81.1)

LONDON MONEY

3-month interbank:
closing rate 11⅛% (11⅛)
3-month eligible bills:
buying rate 11⅛% (11 11/64)

STOCK INDICES

FT Ord 1,002.2 (−5.6)
FT-A All Share 631.43 (−0.4%)
FT-SE 100 1,298.7 (−8.1)
FT-A long gilt yield index:
High coupon 10.37 (10.40)
New York lunchtime:
DJ Ind Av 1,303.88 (−2.9)
Tokyo:
Nikkei Dow 12,666.95 (+101.96)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18: Belgium Fr 42: Denmark Kr 7.25: France Fr 6.50; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 60; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 50p; Malta 30c

CONTENTS

For London market and latest share index 01-246 8026; overseas markets, 01-246 8066

OVERSEAS NEWS

Mexico's earthquake left hundreds dead and large parts of the capital in rubble. **Jane Rippeteau** reports on how buildings could have survived

Doubts raised on quake-resistance of buildings

THE collapse of so many buildings in the Mexico earthquake raised questions among experts yesterday as to the degree of compliance with codes requiring quake-resistant design for new buildings.

"There is a well-founded earthquake design code in Mexico, and a number of the most respected experts in the world are there," explains Mr Edmund D. Booth, earthquake engineer at Ove Arup & Partners, a UK-based international engineering firm. Although codes are not as stringent as those in the U.S. or Japan, he says, "the codes are there. Compliance may not be."

According to reports from the scene, one-third of the buildings in Mexico City's northwest quarter were reduced to rubble by the earthquake. Many, no doubt, predated quake-design codes. But newer ones, Mr Booth says, may have been built hurriedly to accommodate the city's population explosion of recent years.

This particular quake, he says, had a relatively slow shaking frequency, making it especially damaging to tall buildings which sway more slowly—hence in concert with the quake—than short ones. The luxury hotels Regis, Tomano and Continental were lost along with a cathedral, the national library and the Ministries of Transport, Defence and Labour.

The value of quake-resistant design is illustrated by the survival of the Latino-American building, according to Mr Booth. The 43-story, steel-framed tower was designed by American specialists to resist earthquakes, he said, adding, "it may have been damaged, but it was still standing."

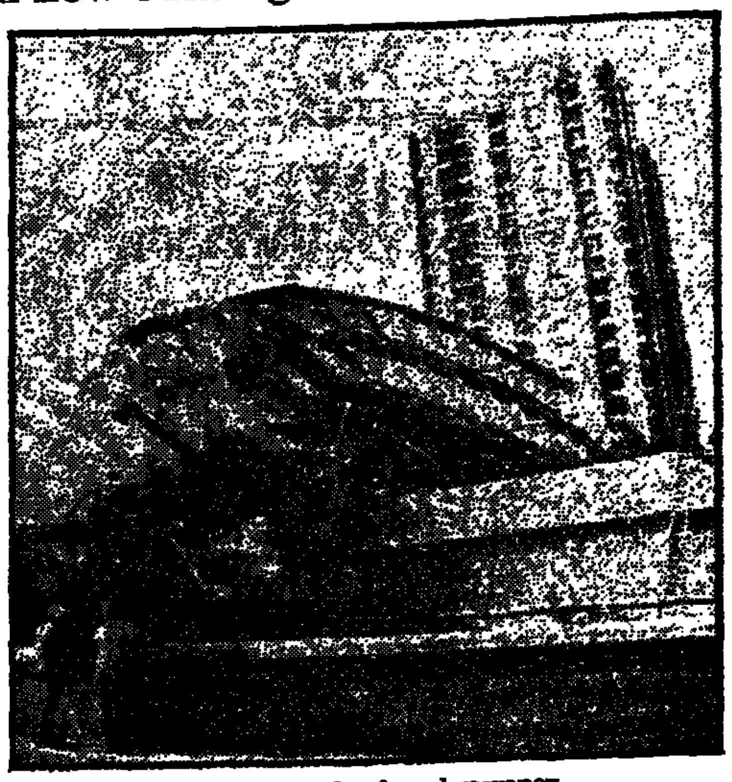
As a member of the Earthquake Engineering Field Investigation Team, a UK body, Mr Booth has visited a number of earthquake damage sites, including Chile in March. "In Santiago, a number of tall buildings survived well. The evidence is that buildings designed to the latest principles developed over the last 30 to 40 years stand an enormously better chance of surviving. I am sure Mexico City will bear that out." Mr Booth hopes to visit the site next week.

Simply put, getting a building to withstand an earthquake involves having it move as a unit without breaking up. For instance, seemingly rigid connections between columns and beams in fact have to be able to rotate in relationship to each other.

Connections on steel buildings are done with bolts and welds. Bolts, while very good at handling steady gravity loads, are poor under the dynamic loads of sideways swaying and rotation caused by an earthquake. Welds perform better, explains Mr Booth, because they "in effect make a uniform connection between beam and column as though they were one."

Overall strength can be provided by adding additional steel bracing or thicker concrete walls. A building's grid of beams and columns could be filled in at points with panels of concrete that will absorb the force of the motion. Unfortunately, the longer the earthquake lasts, the less resistant those walls become and they may break up.

This could have been a factor in Mexico City. Mr Richard McLaughlin, technical director at international contractor, the Wimpey Group, explained: "When a quake of that magnitude occurs it is likely to exceed design for a majority of buildings."



Rescue workers carry away a body from the rubble of a destroyed building in Mexico City and (right) the fallen wreck of a skyscraper

Area hit every 60 years

THURSDAY'S earthquake in Mexico appears to have occurred in an area of frequent earthquake activity, where major quakes recur every 60 years or so, Columbia University experts say, AP reports from New York.

The earthquake occurred some 250 miles southwest of Mexico City, on Mexico's Pacific coast, where a piece of the earth's crust called the Cocos Plate is being pushed underneath the coast of Mexico, said Mr Craig Nicholson, a seismologist at Columbia University's Lamont-Doherty Geophysical Observatory in Palisades, New York. He said the Cocos Plate had "been responsible for a number of large earthquakes along the coast of Mexico."

The Cocos Plate had been jammed against another plate, or giant land mass, covering Mexico and the U.S. and had not moved for about 50 years, said Mr Tom Boyd, another researcher at the university.

"Enormous heat and pressure was built, it was unleashed suddenly," he said.

U.S. rejects N. Zealand compromise

By Reginald Dale, U.S. Editor, in Washington

THE U.S. has rejected a New Zealand compromise proposal for ending the nuclear weapons dispute between the two governments that has disrupted the Anzus alliance since early this year. But talks are to continue to try to find a way out of the impasse.

Mr Geoffrey Palmer, the New Zealand Deputy Prime Minister, said after talks at the State Department on Thursday that Mr George Shultz, the U.S. Secretary of State had been unable to accept his compromise offer. This was that the New Zealand Government should itself decide whether visiting U.S. Navy ships carried nuclear weapons, and thus whether they were acceptable in New Zealand ports, without asking Washington for confirmation.

Washington, according to Mr Palmer's plan, would be able to maintain its policy of refusing to confirm or deny whether U.S. ships carry nuclear weapons—one of the issues at the heart of the dispute.

Mr Palmer stressed, however, that his Government did not regard the proposed compromise formula as automatically permitting port calls and that that it could still decide to bar U.S. ships.

Botha stands by refusal to talk to ANC

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICAN President P. W. Botha yesterday repeated his refusal to enter talks with the African National Congress (ANC) and warned of an "organised programme of disinformation" designed to instill a sense of pessimism.

Speaking mainly in Afrikaans and stabbing his finer in the air to emphasise his points, Mr Botha accused the press, businessmen and many leaders in the western world of misleading statements which ignored the revolutionary nature of the ANC's strategy and its "enslavement to the South African Communist Party."

The Government he said would continue to refuse to negotiate with the ANC until it gave up its commitment to the violent overthrow of the system and "stopped taking orders from Moscow."

He made no reference to last week's report from the President's Council recommending abolition of the pass laws but said that he would be making further announcements on the Government's reform programme at the Cape congress of the National Party next week.

He pointed to reform already made in the trade union and other areas. Reform, he said, was an ongoing process. "Every generation must work at the living together of groups in South Africa to endure the continuation of civilisation."

Current Government thinking insists on maintaining the group areas Act and the principle of separate residential and educational facilities together with guarantees that in any future political framework minorities will be protected.

In the only extensive part of his speech delivered in English, Mr Botha also announced the Government's intention to encourage privatisation "in the pursuance of a sound and balanced relationship between private enterprise and state administration."

● Mr Sam Nujoma, leader of the South West African People's Organisation (Swapo) fighting for Namibian independence, said in Vienna yesterday that his organisation would intensify its armed struggle in Namibia and that raids by the South African defence force against Swapo guerrillas in Angola would fail to halt its struggle, writes Patrick Blum.

The South African Reserve Bank yesterday signalled its support for further reflation of the domestic economy by announcing a further one point reduction in the bank rate from 16 to 15 per cent, writes Anthony Robinson.

This is the sixth reduction since May 6 when the Reserve Bank first took action to reduce interest rates from the record levels introduced in August last year as part of tough deflationary package. Since then the bank rate has declined from 21.75 per cent.

Barclays National Bank was the first commercial bank to follow suit with a 1 per cent reduction in its prime rate from 19½ to 18½ per cent, effective October 7.

The Reserve Bank said the latest rate cut represented a further shift in emphasis towards the encouragement of investment and consumer outlays and was justified by the turnround of the current account of the balance of payments into an annualised surplus of about R5bn.

Poehl warns of economic 'crash landing'

BY JONATHAN CARR IN FRANKFURT

THE WORLD economy faces a "crash landing" unless speedy action is taken by the U.S. and other big industrialised countries, the President of the West German Bundesbank, Herr Karl Otto Poehl, said yesterday.

He urged the U.S. to start cutting its budget deficit drastically "today rather than tomorrow," so paving the way for lower interest rates and a "more realistic" dollar level.

Other industrialised countries had to open up their markets more to the developing world, so helping to head off a resurgence of the international debt crisis.

Herr Poehl said he believed there was still a chance to avoid a crash landing of the world economy "but we are running out of time."

His remarks, made to American businessmen in San Francisco, are probably his publicly sharpest on the related issues of the U.S. deficit, trade protectionism and the debt crisis.

He quoted former Chancellor Helmut Schmidt as saying recently that two time-bombs were ticking in the world economy—the debt problem and growing imbalances in the trade system.

"I did not always agree with Helmut Schmidt in the past and he has not always been correct with his gloomy forecasts. But this time, I am afraid, he may be right."

Herr Poehl noted that those who had predicted an early end to the U.S. pattern of high budget and current account deficits, high interest rates and an "overvalued" currency, had so far been wrong.

Indeed that pattern might continue for years as "there are actually not many alternatives to the U.S. dollar." But that meant drastic consequences.

He stressed that in three years the U.S. had acquired more debt abroad than the value of the net foreign assets it had accumulated in seven decades.

Swiss vote on risk guarantee

By William Dullforce in Geneva

THE SWISS industrial establishment will try on Sunday to prevent its Government from guaranteeing risk capital for innovators. It also hopes to block revisions to the matrimonial law, passed by Parliament.

Swiss citizens vote tomorrow in three referendums. Two were triggered when the Association of Arts and Crafts, representing small business, collected enough signatures to force popular votes on legislation to which it objects.

The third, backed by the two federal chambers of parliament, aims at compelling the cantons to harmonise the starting dates of their school years.

"Firing off cannon at sparrows" is how one federal minister describes the attack launched against the Government's innovation risk guarantee plan by the Association of Arts and Crafts with powerful backing from the Employers' Association.

The Government scheme proposes to guarantee up to a limit of SwFr 100m (£31m), spread over 10 years finance to cover half the costs of high technology projects started by small businesses employing no more than 500 people.

Recipients would have to demonstrate that they would not raise capital through normal banking and private channels.

In Swiss industry's view the government guarantee would "create a breach in the primary rules of the market economy." Employers object to the extension of bureaucracy needed to run the scheme, arguing that it will introduce political judgments on business projects and encourage bad risks.

The Swiss business lobby objections to the new matrimonial law focus on the difficulties for family businesses. Under the old law the husband acquired two-thirds of the common property, if the marriage broke up. The new law allocates half to each spouse. The old inheritance regulations gave the surviving spouse a quarter of the property: the new increases this to half.

The business opposition argues that the new provisions could threaten the survival of family enterprises.

Italian party leader to stand down

By Alan Friedman in Milan

SIG PIETRO LONGO, leader of the tiny Social Democratic Party, which forms a small part of Italy's five-party coalition government, is to stand down as party leader next month.

His post is expected to be filled by Sig Franco Nicolazzi, who is at present the minister of public works.

Sig Longo who has led the Social Democrats since 1978, resigned as Italy's budget minister in July last year following allegations—which he denied — that he had been a member of the outlawed P-2 Freemason's Lodge.

In Italy's regional elections last May the Social Democrats saw their share of the national vote drop to 3.6 per cent, which compared with the 4 per cent polled in the last general election of 1983 and 5 per cent achieved in the regional elections of 1980.

Strauss scuttles plans to sell off part of Lufthansa

BY RUPERT CORNWELL IN BONN

WITH A sharp letter to Chancellor Helmut Kohl. Herr Franz Josef Strauss, the Bavarian premier, has effectively scuttled what hopes remained here for a partial privatisation of Lufthansa, the West German national airline.

The letter, dated August 18 but whose contents only became known yesterday, not only spells out with unprecedented clarity Herr Strauss's longstanding objections to any cut in the state's 80 per cent stake in Lufthansa, but also closes the door on the modest, amended, proposals of Herr Gerhard Stoltenberg, the Finance Minister to bring more private shareholders into Lufthansa's DM 900m (£232m) capital.

These called for the planned reduction from 80 to 55 per cent to be achieved in a two-stage operation, which would involve selling only 15 per cent to the general public. The other 10 per cent would have been made over to a new holding company, that would have been controlled by leading German industrial concerns.

But Herr Strauss warned the Chancellor that this idea, like the straight cut from 80 to 55 per cent, would be blocked by Bavaria in the Bundesrat, or Federal Council

Herr Strauss, who is a member of the airline's supervisory board, gave various reasons for his unbending hostility to any dilution of the state's control of Lufthansa.

One is that Bonn needed to keep its holding above the 75 per cent level essential for unfettered control of major corporate decisions.

Furthermore, the state had to have the final say in Lufthansa's purchasing policy at a time when aircraft sales "had virtually nothing any longer to do with fair competition."

FRANCE'S NEW DEFENCE CHIEF

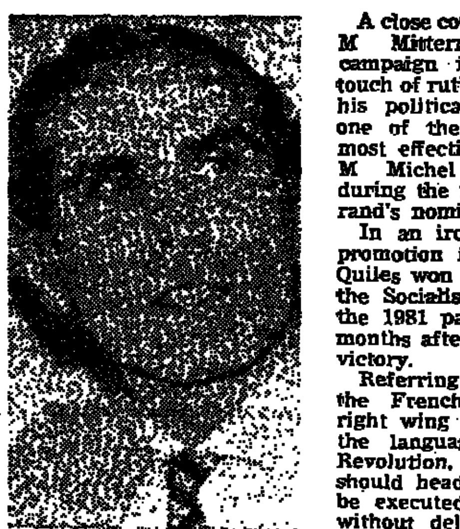
Man with a hardline reputation

BY DAVID MARSH IN PARIS

M PAUL QUILES, named yesterday as France's Defence Minister after the resignation of M Charles Hernu, has a look of steely-eyed determination. The Minister, who earned a reputation for toughness in his previous job running the sprawling Urban, Housing and Transport Ministry, will certainly need resolution now.

M Quiles, a gaunt Socialist born in Algeria 43 years ago, faces the task of bolstering morale in the armed forces after the rude departure of M Hernu. He also has to maintain continuity at the Ministry in the footsteps of a Minister who was generally respected by the Right, above all for his support for previous governments' policies on reinforcing France's nuclear deterrent.

M Quiles will be charged with projecting what further light needs to be shed on the Rainbow Warrior affair. Although President François Mitterrand hopes to insulate the Elysée from further repercussions, only time will tell whether M Hernu is the last political victim of the sinking of the Greenpeace flagship.



M Paul Quiles: determination

M Quiles has been in the headlines during the summer because of the spate of French railway accidents which cost 84 lives. Dissatisfied with what he saw as the SNCF rail board's slow response to demands for improved safety, M Quiles forced the SNCF chairman, M Andre Chadeau, to resign earlier this month.

A close confidant who directed M Mitterrand's presidential campaign in 1981, M Quiles' touch of ruthlessness has guided his political ascent. He was one of the Mitterrand team's most effective weapons against M Michel Rocard's faction during the run up to M Mitterrand's nomination.

In an ironic preview of his promotion four years later, M Quiles won his spurs as one of the Socialists' "hard men" at the 1981 party congress a few months after the Left's election victory.

Referring to the need to rid the French establishment of right wing figures he drew on the language of the French Revolution, saying that not only should heads fall, but those to be executed should be named without delay.

As the son of an artillery officer who is himself an army reservist and parachutist, M Quiles, even without M Hernu's bonhomie, has at least the right entry qualifications.

With general elections—on present forecasts, likely to be lost by the Socialists—only six months away, he may find that he does not have much time to learn the ropes.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

IADB urges fund to aid Latin American debtors

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE Inter-American Development Bank (IADB) is campaigning for the establishment of a special trust fund that could channel billions of dollars in fresh finance to the debt-ridden countries of Latin America.

The idea is the brainchild of Sr Antonio Ortiz Mena, the bank's president, who wants to use part of the interest paid by debtor countries to commercial banks to set up a fund administered by the IADB and the World Bank to provide long-term fixed rate development assistance.

Like the World Bank, the Washington-based IADB is owned by a range of industrial and developing country governments but it confines its development lending activity to Latin America and the Caribbean.

The aim of the fund would not only be to revitalise Latin American countries which have suffered a sharp fall in living standards since the debt crisis hit in 1982. It is also hoped to offset the $29bn a year in net outflow of capital from Latin America as it struggles to service its $360bn foreign debt.

An economic review on the region published earlier this week by the IABD identified the capital outflow as a source of long-term economic damage. The need to service foreign debt has deprived Latin America of the savings needed for productive investment, it argued.

Though Mr Jacques de Larosiere, International Monetary Fund managing director, was angered at the line taken by the report, it is known to have met a sympathetic response from some senior IMF staff, including those working in the Western Hemisphere Department which handles Latin America.

The real size of the capital outflow needed to meet foreign interest payments is estimated now at double the level of German reparation payments after World War I. It is increasingly seen even by commercial bank lenders as a serious flaw in debt rescue schemes implemented to date.

Under the IADB proposal Latin American debt would first be classified to identify a category of "bad debt" originally raised for military purchases or pure consumption purposes, in many cases by governments which have now ceded power to democratic regimes.

Half the interest due on this debt would go into the trust fund to be rechannelled for in projects designed to earn foreign exchange for the debtor countries.

This type of recycling of interest is not new—banks have already practised it on their own in some indivdual cases such as Poland—but the Ortiz Mena scheme would be larger and carry official backing through the involvement of both the IADB and World Bank.

So far the scheme has, however, only been discussed with a handful of senior bankers and officials. Sr Ortiz Mena has asked Sr Enrique Iglesias, Foreign Minister of Uruguay, to undertake a sounding out process in his capacity as secretary of the Cartagena group of leading debtors.

China to ease economic controls

BY ROBERT THOMSON IN PEKING

CHINA is to relax central control over its economy, push the "open-door" a little more ajar, and further distance itself from Communist economic ideals, according to details released yesterday of the country's economic plans for the next five years.

A special national Communist Party conference is discussing a draft proposal for the country's seventh five-year plan, which emphasises, in theory, that the country's goals are of a socialist nature, but, provides, in practice, for a much freer marketplace and greatly reduced central control of enterprises.

To reconcile those two disparate elements of the reforms, the Chinese Government has coined the phrase "planned market economy" to describe the present state of the economy. The proposal is for the 1986-1990 plan to be approved in principle by the conference, and a more detailed plan will be released early next year.

The proposal says that the policies China has adopted "for reform, for opening to the rest of the world and for revitalising our economy, are aimed at building socialism with Chinese characteristics."

It calls for greater use of foreign funds, more conformity to the "demands of the international market," more imports of advanced technology, and the updating of all sectors of the national economy.

The Chinese news agency, Xinhua, reported that the proposal predicts that "by stepping up technical updating of existing enterprises and equipping all sectors of the economy with advanced technology, the quality and properties of a considerable proportion of products in each trade in 1990 should be up to the level of advanced countries in the late 1970s or early 1980s."

At a Press conference yesterday, Yuan Mu, deputy secretary of China's central economic and financial leading group, said the draft proposal predecited annual economic growth of 7 per cent in the next five years, but admitted that growth had run out of control in the latter part of last year and into this year.

A consequence of the overheated economy, he said, was a sharp decline in the country's foreign exchange reserves, which fell by a third in the six months from last October, when they stood at $16.3bn. He said one of the main aims in the next five years was to increase foreign earnings from exports. Total trade is predicted to increase by 40 to 50 per cent by 1990.

Swedish bank authorities seek limit on shares

By Kevin Done in Stockholm

THE SWEDISH Bank Inspectorate has called for legislation to limit individual shareholders in Swedish banks to a maximum of 10 per cent.

The supervisory authorities are alarmed at the "turbulence" in trading in bank shares this year. Particular concern has been expressed about dealing in Götabanking, the country's fourth largest commercial bank, where an investment company, Proventus, has built up a holding of about 22 per cent.

About a quarter of the equity in Götabanking has changed hands recently. Mr Sten Wallberg, general director of the Bank Inspecorate, said he was so concerned about this that he considered it a matter for the Government.

Other large shareholders in Götabanking are Datatronic, a company allied with Proventus, with -0 per cen; Mr Refaat el-Sayed, managing director of Fermenta, with 8 per cent, and Mr Birger Gustavsson, chairman of Fabege, a property and building company, with 5 per cent.

Bonn call for European anti-missile system

BY PETER BRUCE IN BONN

A SENIOR West German Defence Ministry official has called on Bonn's European allies to consider seriously establishing a joint programme to build their own space-based anti-missile system.

The call reflects both German support for, and fear of, the U.S. Strategic Defence Initiative (SDI). Fears here are based largely on the fact that SDI is directed at shooting down intercontinental ballistic missiles that might threaten the U.S., but will not be effective against Soviet medium-range missiles aimed at Europe. This has led to warnings in Bonn that SDI could "recouple" Washington, militarily, from its European allies.

Herr Manfred Timmermann, State Secretary in the Bonn Defence Ministry, told a conference of the seven-nation Western European Union (WEU) in Munich that "we in Europe cannot stand idly by if the superpowers increasingly use space for military purposes.

"Joint examination of a European anti-missile system, that could be established either independently, or as a part of, SDI, should therefore be a priority," he said.

Ideas about a European anti-missile system based in space first surfaced here three months ago, and were largely attributed to opponents of West German participation in SDI research, such as the Foreign Ministry. The early rejection by France of a role in SDI also led to some argument in favour of Bonn and Paris working together on a "European Defence Intiative (EDI)."

But Bonn now seems likely to seek a formal role in SDI research and support for a separate European initiative from the Defence Ministry, which has supported SDI, will add a new twist to argument here and may mute opposition to the American programme.

Mr Richard Perle, the U.S. Assistant Secretary for Defence, said in a satellite interview with European journalists yesterday that Washington "would be quite sympathetic" should the Europeans approach the U.S. for help in designing their own system.

Korean families prepare for reunions

By Steven B. Butler in Seoul

NORTH AND SOUTH Korea yesterday made final preparations for today's historic reunion of family members separated during the Korean war.

Delegations of 151 people from each side crossed the border at Panmunjom and later arrived in the capital cities of Seoul and Pyongyang.

The exchange comes after negotiations between the Red Cross societies of North and South Korea, and will be the first concrete results of the dialogue that began between the two Koreas about a year ago.

Final agreement on the exchange was delayed until the last moment by North Korea's objection to three members of the South Korean delegation. The South apparently conceded and removed the three names from its list.

The border has been sealed off and only official representatives of the two sides and some journalists have been able to make a rare journey across the frontier. This will be the first cross-border trip by ordinary citizens. Up to 10m people are believed to be affected by the dispersion of families during the war.

The delegations are composed of 50 members of the dispersed families, 50 performing artists, 30 journalists, and 20 supporting personnel. The head of each side's Red Cross Society is with the delegations.

Before leaving for Pyongyang, Mr Kim Sang-Hyup, president of the Korean National Red Cross of South Korea, said: "After tearing down walls of ideological difference that have disunited the world and its people, we have finally opened a road that should never be closed again."

Japanese GNP shows strong growth

By Carla Rapoport in Tokyo

JAPAN'S gross national product grew at an annual rate of 7.9 per cent from April to June in real terms, largely thanks to its continued export strength.

The second quarter figures are surprisingly strong and will no doubt add further fuel to the growing trade friction between Japan and the rest of the world.

Japan's Economic Planning Agency (EPA), which released the second quarter figures yesterday, had predicted a 4.6 per cent annual growth in GNP in real terms for the current fiscal year.

EPA officials said the sharp growth was mainly due to increased exports, led by growing sales of cars to the U.S. and colour television sets to China. Japan is certain to attain the 4.6 per cent real growth rate predicted for the current year, it said, but refused to comment on whether it might exceed that figure.

Between April and June, the EPA said that the GNP grew by an inflation adjusted 1.9 per cent over the January to March period, when it grew by 0.2 per cent — a revised figure.

Of the 1.9 per cent growth, the EPA said exports accounted for 1 per centage point and domestic demand for 0.9 per cent.

Powell cites riots in call for emigration by blacks

BY IVOR OWEN

WITHOUT POSITIVE steps to reduce the size of its black population, Britain faces the prospect of being "unimaginably wracked by dissention and violent disorder," Mr Enoch Powell warned yesterday.

In a speech in the same vein as that in which he forecast "rivers of blood," and which led to his dismissal from the Conservative shadow cabinet by Mr Edward Heath in 1968, he pointed to the riots last week in the Handsworth area of Birmingham as the latest justification for his controversial views.

Mr Powell's provocative outburst was immediately condemned by Mr Roy Hattersley, the Labour Party deputy leader and a Birmingham MP, who accused him of exploiting the tragedy of Handsworth to grab headlines.

He protested: "To imply that the criminals who rioted in Handsworth are typical of that community is as rational as arguing that all Ulster MPs (Mr Powell, an Official Ulster Unionist, represents Down South) support violence and secession from the UK just because one of them does."

Mr Powell has made clear in the past that he favours a policy of voluntary repatriation for African and Asian immigrants, and their children, who live in Britain, but spoke in more ambiguous terms when he addressed a Conservative women's lunch at Birkenhead yesterday.

He said: "A sufficient proportion of the African and Asian population must be enabled, with generosity and using all the organisational resources of government, to quit a scene where the same catastrophes await them as await us."

Enoch Powell: A warning or catastrophe to come

Mr Powell argued that the great majority in the African and Asian communities does not regard Britain as its home country, and that those born here, while not having inherited the appropriate citizenship, would have inherited the concern of their lands of origin.

He claimed that the latest census statistics indicated that one-third or more of the population of inner London, and of the main English cities and industrial areas, would consist of "African or Asian newcomers."

Mr Powell predicted that the massive transformation—unparalleled for hunderds, if not thousands, of years—would come to be regarded by historians as the most decisive event of the second half of the 20th century.

It was an event that could no longer be ignored and "the time of truth" was coming at last for those who sat in the seats of authority.

Mr Powell challenged the Prime Minister to say whether she dissented from his judgment—"I am not sure that she does"—and contended that the nation would insist on knowing what action would be taken. Then the relevance of the measures proposed could be judged and debated, and their implementation and progress monitored, he said.

Mr Hattersley said Mr Powell's repatriation proposals were becoming increasingly fantastic and increasingly foul. Deploring Mr Powell's demand for the repatriation of men and women born and bred in Britain, he said: "To say that the children of immigrants have a legal right to return to the country of their parents' birth is as heartless as it is absurd."

Mr Hattersley described the Ulster MP as "the Alf Garnett of British politics," with "no influence or importance."

Mrs Margaret Thatcher said she could not comment on a speech, the text of which she had not seen. For the Liberals, Mr Simon Hughes, the MP for Bermondsey, accused Mr Powell of a "frightening, singlistic and wrong" diagnosis.

Bus and Tube fares to rise in January

By James McDonald

LONDON bus and Underground fares are to rise by an average 6.5 per cent from January 12.

Some passengers will escape the increase including users of the 30p suburban one-zone bus and Tube fares, two- and three-zone Tube tickets, and the seven-day one-zone suburban Travelcard.

The suburban "short hop" bus fare of 25p journey up to one-mile will be withdrawn but a similar fare scheme for the Central zone will rise to 30p.

Two- and three-zone bus fares will rise by 5p and 10p to 60p and 90p—bringing them to the same level as the unchanged Underground fares.

The central zone Underground fare will rise 10p to 50p.

Architects' work increases

BY JAMES McDONALD

THE ESTIMATED value of new commissions for private architects in the second quarter reached a current-price level of £3.237bn, according to Royal Institute of British Architect figures. This was a real rise of 5.8 per cent on the first quarter and 10.8 per cent higher in real terms than in the corresponding period last year.

Most of the rise was in the private non-housing sector although public housing commissions rose significantly. New commissions in the private non-housing field had a substantial rise for the third successive quarter, to stand at £1.674bn at current prices. This was a rise of 8.7 per cent in real terms

Public housing commissions also rose strongly by 35 per cent on the first quarter, to £307m. However, this was still almost 30 per cent below the peak figure in third-quarter 1983.

Most of the rise in new commissions were in the South-East, excluding London, and in Wales and the South-west. Commissions in the South-east, excluding London, stood at £865m in the second quarter, compared with £549m at current prices at the corresponding time last year.

The rise in work at new-commission stage over the past three quarters, particularly in private non-housing work, caused a 9.9 per cent real increase in the second-quarter total value of production-drawings.

This reverses the downward trend of the previous two quarters and represents 4.4 per cent rise in real terms on the second quarter of last year, the value of work standing at £2.69bn.

Scotland was alone in recording a second-quarter drop in the level of work

Murdoch in link with European TV group

By Raymond Snoddy

MR RUPERT MURDOCH yesterday further boosted his interests in the world television market.

Mr Murdoch, who is in the final stages of buying six U.S. television stations, announced an important link between his News International and Groupe Bruxelles Lambert, the main shareholders in Radio Télé Luxembourg.

A joint company is being established by the two in Belgium. Its aim is to study and develop projects in the fields of terrestrial and satellite broadcasting, including direct broadcasting by satellite (DBS).

The fledgling company will consider the feasibility of programme production for both Europe and the U.S., and joint acquisitions of television programmes.

Mr Murdoch, chairman and chief executive of News International, said the association confirmed his group's desire to work with a major European group in examining the development of audio-visual markets in Europe and the U.S..

News International is the operator of Sky Channel, the European satellite service for cable television.

Radio Télé Luxembourg operates commercial television services in French and German and is expected to provide two channels of DBS programmes on the high-power French satellite to be launched next July.

One possibility the new company will consider is whether it would be viable to launch an English language DBS service aimed at the UK market, but on the French DBS satellite.

Fleet Street changes, Page 5

Labour's aim for education

By Ivor Owen

A MASSIVE expansion in education and training must be at the heart of the next Labour government's programme, Mr John Smith, shadow trade and industry spokesman, said yesterday.

Such a policy would have to be "unremittingly pursued for decades," he stressed.

Mr Smith, speaking in Cleveland, in the North-east, said history would condemn Mrs Margaret Thatcher for the destruction of much of Britain's manufacturing industry, and for bringing the blight of mass unemployment to the 1980s.

Rockies watch on Soviet rockets

Peter Marsh reports from Colorado Springs on Norad's early warning monitoring role

THE COMPUTER screens in the North American Aerospace Defence Command (Norad) deep under Cheyenne Mountin in Colorado flickered suddenly into life. "I think Ivan is having some target practice," remarked Brig.-Gen Charles Bartholomew, head of operational management at the centre.

According to the screens, the Soviet Union had two minutes earlier launched a missile from a rocket pad in Asia. Brig.-Gen. Bartholomew, with a corps of six officers inside the main control room at Cheyenne Mountain, had roughly another 100 seconds to determine whether the launch was a test shot—or indicated an attempted first strike that could spark off World War III.

The all-lear was signalled a minute or so later, after a red warning light on the wall of the control room, a cavernous chamber about the size of a small cinema, was switched off.

But this was only after a frantic, though well-rehearsed, series of computer checks and telephone conversations between the Norad staff and U.S. military officials in bases around the world to check that the incident did not represent a threat.

procedure is enacted on

Something similar to this average once or twice a day at the Cheyenne Mountain centre, which is operated jointly by the U.S. and Canadian Governments to warn of air or missile attacks on either country.

Of the 480 or so Soviet rocket launches that the command monitored last year, about a third put military or civilian satellites into orbit while the rest were tests of unarmed missiles.

Norad also monitored about 70 non-Soviet rocket launches conducted by military or civilian organisations such as the U.S. National Aeronautics and Space Administration or the European Space Agency.

In each case, sensors on early warning satellites and radar equipment in about a dozen ground stations around the world pick up the rocket's image as it climbs through the atmosphere.

For a minute or so, the sensors automatically exchange information over telecommunications links with some of the 87 computers in the Colorado complex. The complex opened in 1966, houses up to 800 people in 15 steel buildings a third of a mile under the Rockies.

At this point, Norad's human staff enter the picture. A team inside the centre's control room talks via a secure telephone system known as the "beige loop" with people at the sensor stations to check on computer readings.

They also discuss the incident with military organisations around the world, which would have to take action if there were an attack. The "customers" include the U.S. Strategic Air Command in Omaha, the U.S. national military command centre, sited in a bunker under the Pentagon in Washington, and Nato commanders in Europe.

The Cheyenne Mountain staff are uncomfortably aware that in the event of a nuclear attack the warning time would be extremely short. An intercontinental air missile fired from the Soviet Union would take only half an hour to reach a U.S. target, while a missile launched by a submarine off California or Maryland could take only eight minutes.

Gen Robert Herres, the Norad commander in chief, must notify his subordinates of his activities so they can reach him within 15 seconds of an emergency so he can evaluate the threat.

According to Maj-Gen. Maurice Padden, the deputy commander, virtually all rocket launches are given the all-clear within four minutes of the launch.

False alarms, however, do occur. The last one was in 1980 when a faulty electronic component at Norad mistakenly gave the impression the U.S. was under attack.

Maj-Gen Padden says these incidents essentially due to failure by Norad's staff to check on equipment readings. Since then, he says, supervision routines have improved. But to back up the Norad staff, the centre is spending $1.2bn over the next five years to upgrade computers and communications links.

Besides watching out for enemy attacks, the command centre tracks the 5,600 or so space objects circling the earth.

As a result of its tracking capabilities, Norad will play a key part testing the U.S. air force's anti-satellite weapons, the first of which took place eight days ago.

The Cheyenne Mountain workers may be called upon in a future war to live in their cavernous refuge for up to a month.

But despite the base's seemingly impregnable position, the complex would be likely to survive only a few hours in the opening stages of a nuclear holocaust. Norad commanders point out that the latest Soviet intercontinental missiles are believed powerful and accurate enough to destroy the centre in the opening stages of a conflict.

To safeguard against this threat a group of Cheyenne Mountain officers stands by night and day to race away from the centre at the first warning of it being under threat. They would set up an "alternative Norad" in the surrounding countryside.

Phillips & Drew licensed by Bank to take deposits

BY DAVID LASCELLES, BANKING CORRESPONDENT

PHILLIPS & DREW, one of Britain's largest stockbrokers, has been licensed by the Bank of England to take deposits, making it the first broker to move directly into banking.

The licence will be held by Phillips & Drew Trust, a subsidiary newly-formed to offer banking-type services to the firm's clients and to deal in inter-bank markets.

Confirmation of the licence's issue came yesterday when the trust's name appeared on the Bank's monthly report of changes to its list of recognised banks and licensed deposit-takers.

The firm applied for the licence in April. Applications usually take several months to process.

Like most large UK stockbrokers the firm has agreed to be acquired by a bank as part of the City revolution. Its future parent is to be Union Bank of Switzerland.

Nonetheless, the firm is to have a wide measure of independence and felt it needed a deposit-taking licence in its own right to broaden its range of services.

The firm is expected to unveil its plans next week. As licensed deposit-taker Phillips & Drew Trust can obtain a better interest rate for clients by placing deposits in the banking market directly rather than through a bank.

A licence to take deposits is the first step towards a full banking licence. It does not oblige the holder to offer a full range of banking services.

The distinction between the two categories of bank is, however, expected to be abolished by reforms to banking supervision initiated in the wake of the Johnson Matthey Bankers affair.

Jobs go as colour TV maker faces closure

BY JASON CRISP

REDIFFUSION Consumer Manufacturing, which makes colour televisions, has sent redundancy notices to nearly all its 600 employees. Most of the job losses will be in the North-east of England.

The primary cause of the move is the expiry of a contract with Granada, to provide the company with televisions for rental.

British Electric Traction, the industrial services group, which has been trying to sell Rediffusion, its colour TV subsidiary, since last month, has so far failed to find a buyer. BET said talks were continuing with one company, but production would stop at the end of the year.

The subsidiary is issuing protective redundancy notices to the 300 employees at Bishop Auckland, County Durham, 200 at a plant in Billingham, Teesside and 75 at its research facility in Chessington, Surrey.

The small distribution operation in Rochdale, Greater Manchester, is not affected so far.

The factories were sole suppliers to the Rediffusion television rental business, which BET sold last year to Granada. Rediffusion had a contract to supply Granada with TVs after the sale until the end of this year. The contract is not to be renewed.

Two overseas companies which had expressed an interest in buying the plants withdrew earlier this month. Redundancy notices have been issued in case the deal with the remaining company does not go ahead, or if the buyer wishes to cut staff.

Rediffusion was one of the smallest colour TV plants in Britain, with an annual capacity of 100,000 to 150,000 sets. Its closure will leave Thorn EMI's Ferguson division as the only significant British manufacturer of colour televisions. Others which have withdrawn from production include Rank, Decca and GEC.

A number of Japanese companies including Sony, Matsushita, Mitsubishi, Toshiba and Sanyo make colour TVs in Britain, as does Tatung of Taiwan.

British Steel plans £15m investment at Ravenscraig

BY IAN RODGER

THE British Steel Corporation has revealed plans to invest up to £15m over the next two years at its Ravenscraig works in Scotland.

The move may go some way to allaying fears in Scotland that the integrated works may be condemned to a gradual decline following the decision last month to close the Gartcosh cold-rolling mill. Gartcosh takes about a quarter of Ravenscraig's steel output.

The new spending at Ravenscraig is not particularly large by steel industry standards, but BSC officials emphasise that it is concentrated on an application of new technology, which indicates the corporation's belief that the works has a long term future.

BSC said in the latest edition of Steel News, its house newspaper, that it would spend up to £10m on equipment to permit direct injection of pulverised coal into two Ravenscraig blast furnaces.

Direct injection of coal is a new technology aimed at displacing some of the higher-cost coke as a blast furnace feedstock. BSC has been experimenting with direct injection at its Scunthorpe works on Humberside for the past three years.

BSC has also approved spending £5m on other new equipment at Ravenscraig, including new moulds for the continuous casting machines.

Much of the latest edition of Steel News is devoted to an attempt to show why the closure of Gartcosh was necessary and why it does not threaten Ravenscraig's future.

Critics had feared that the disappearance of the main local customer for Ravenscraig strip would hurt the works. But the paper points out that many integrated strip mills around the world deliver their output to distant plants for finishing, "some of them as much as 400 miles away."

Severance pay withheld

FINANCIAL TIMES REPORTER

THE GOVERNMENT is withholding severance payments to about 50 former meployees of Manchester Steel because of a remote chance that two rolling mills will reopen.

Manchester Steel was sold to Allied Steel and Wire in June and its rolling mills at Bidston on Merseyside and Manchester were closed in July.

Former workers of closed steel mills are normally entitled to grants of about £10,000 eath under the Iron and Steel Employees Rehabilitation Benefits Scheme, which is jointly financed by the Government and the European Commission.

However, the Department of Trade and Industry sent letters to the Manchester workers this week informing them that no payments would be made.

The department said it did not want, "to raise the hope of the former Manchester workers that they would get the grants, as there was still a possibility the plants would be reopened."

Allied Steel, a joint venture of British Steel and Guest Keen and Nettlefolds, said it was having discussions with foreign parties about the mills.

Mortgage rate cut by Bank of Scotland

By Clive Wolman

The Bank of Scotland yesterday became the first major British bank to cut mortgage interest rates in response to the summer fall in general interest rates. Its cuts are effective from October 1.

The repayment mortgages rate will fall by 0.5 percentage points to 13 per cent on a flat-rate basis, equal to 14.1 per cent on a "true" annual percentage rate (APR) basis.

For home loans linked to endowment insurance policies, which account for most of the bank's mortgage lending, the rate will be cut by 1 percentage point to 13.25 per cent flat rate, 14.3 per cent APR.

Most building societies cut their rates by 1.25 percentage points effective September 1, to about 12.75 per cent (13.9 per cent APR) for smaller repayment mortgages and to about 13.25 per cent (14.3 per cent APR) for endowment mortgages.

However, the main clearing banks have yet to respond although all have sought to expand home-loan portfolios and until this month were generally undercutting society rates.

Several societies this month removed or cut higher differential interest rates traditionally charged on larger home loans, typically those of more than £20,000 to £30,000.

The banks, which charge no such differentials, have cut differentials on endowment mortgages in the past six months.

The bank said yesterday the cut in the endowment mortgage differential was justified because generally they were cheaper to process than repayment mortgages. None the less, it said it would not abolish the differential until market conditions made this necessary.

Liverpool strike call opposed

By Nick Bunker

LIVERPOOL CITY Council's struggle against government spending policies suffered a blow yesterday when officials of the National Union of Public Employees recommended rejection of calls for a council workers' strike.

Mr Tony Martin, NUPE's North-west divisional officer, said the union would not hold a strike ballot among its Liverpool members. The recommendation will be discussed at section meetings of members in the next few days.

NUPE has told its 2,700 members employed by the council to continue working until the authority stops paying wages. The union mainly represents social services staff, including workers in homes for children and the old.

Members of the electricians' union, the EEPTU, have also voted against industrial action, due to start on Wednesday. The EEPTU has about 400 members employed by the council in maintaining plant and vehicles.

The council's joint shop stewards committee had called for the strike this week to back the authority's demands for government help to cover a £117m deficit in this year's budget.

Councillors on the Labour majority claim the city will be bankrupt and unable to pay workers' wages by September 30 if Mr Kenneth Baker, the Environment Secretary, does not let the council borrow £25m. Mr Baker has refused the request.

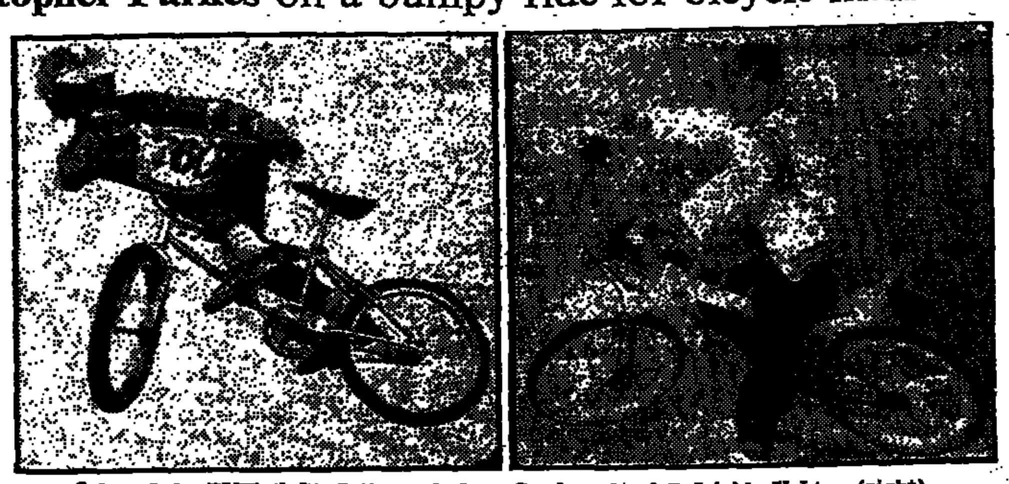
Yesterday, 2,000 members of the Transport and General Workers' Union employed by the council began to vote in a strike ballot.

It is believed that 6,300 members of the white-collar union Nalgo are unlikely to vote for a stoppage at a mass meeting in the city on Tuesday. Two unions representing 5,000 teachers have turned down the strike call.

The council's Labour leaders yesterday survived a stormy meeting, at which Liberals and Conservatives made angry attacks

Pedalling uphill in face of a sales slide

Christopher Parkes on a bumpy ride for bicycle manufacturers



Sales of the BMX (left) flattened before the launch of Raleigh's Vektar (right)

THE BMX stunt bike, which bounced and wheelied into domination of the British cycle market three years ago, has overbalanced, knocking the wind out of manufacturers and retailers.

It arrived with a bang and is going out with a whimper. Coming from nowhere around the turn of the decade, sales soared to about 750,000 last year, when the BMX and its cousins accounted for almost 40 per cent of the cycle market.

BMX stands for Bicycle-Motor-Cross, a descriptive term almost forgotten behind the popular initials. It has two major UK manufacturers, Raleigh and Elswick Falcon.

The industry was completely wrong-footed when the BMX boom faded just before Christmas last year, at the time when it was expected to reach its peak. This year's poor summer, which drove children off the streets, has compounded the depression.

This Christmas will be crucial, but even the most optimistic in the business do not expect total BMX sales for the year to exceed 350,000. And many of those will come out of retailers' and manufacturers' existing stocks, left over from what one maker termed the "gung ho" ordering and marketing spree last autumn.

Mr Norman Court, managing director of Elswick Falcon, estimates there are more than 500,000 surplus cycles of all types sloshing about in the distribution network, equivalent to almost four months' supply.

His company is ranked number two in the British cycle business, with about 10 per cent of the market. It is a long way behind Raleigh's 50 per cent share, but is particularly strong in the mail order BMX trade.

Mr Court warned that the gloomy predictions pervading the BMX business showed all the signs of becoming self-fulfilling prophecies. But even if the worst forecasts proved right, he pointed out, the BMX would still account for 15 to 20 per cent of the total market.

Mr Robert Campbell, managingdirector of MY Dart, the conglomerate specialising in pyrotechnics, darts and Dawes brand cycles, is concerned about the effects of overstocking on its business in traditional sports and touring cycles.

"The average retailer is awfully undercapitalised," he said. Offtake from shops had been low all year, mainly because of the weather. But the burden of left-over stock meant trade purchases from manufacturers had fallen dramatically. He calculated that deliveries to shops had fallen 31 per cent this year.

Raleigh has also felt the crunch. But Mr Bob Ing, managing director, is confident his company can fare relatively well in what is left of the BMX market. "The market for very cheap, look-alike imports has been worst hit. Shipments from West and East Germany and the Far East have fallen badly," he said.

Imports from Taiwan, for example, will probably reach only about 7,000 this year compared with 90,000 last.

However, the company has reduced its stunt bike output by about 30 per cent and the Nottingham workforce has been cut by 360 since the start of the year.

Despite the upheaval, the BMX phenomenon has had a stimulating effect on the cycle business, prompting innovation among manufacturers excited by the example of the BMX, and promoting interest in cycling.

The seven to 12-year-olds now tiring of street corner stunt driving are demanding "proper" sports bikes with gears and the capacity for speed denied them by most BMXs. Virtually all manufacturers report increased demand.

At Raleigh, for example, the company claims to have seen the swing coming. Deliveries of 16 in frame, 24 in wheel sports cycles are running level with last year. "Considering that trade off-take over all is down 30-odd per cent, this shows the upturn has come," said Mr Ing. Other manufacturers report similar benefits.

Mr Ing also has high hopes for Raleigh's innovative, newly-launched £200 Vektar—a computerised street cycle with electronic speedometer, mileometer sound synthesiser and radio. Claiming a world first, the company has already gathered orders for the 20,000 it will be able to produce for Christmas. It will be on show at the biennal French cycle show later this year, and launched in Europe and the U.S. next year.

Pitched at the seven to 12-year-olds, it has much of the "street hawk" attraction of the BMX and bridges the gap between stunting and riding with its array of three gears, mudguards and other more conventional accessories.

Promising as it seems, the Vektar alone is unlikely to make more than a modest dent in the losses haunting Raleigh, a subsidiary of the troubled TI group. Mr Ing, recently brought in from BTR, and confronted with losses for last year of £4.5m, is overseeing a major rationalisation programme.

As well as pruning the workforce, the company is cutting heavily into its range. Two or three years ago, Mr Ing said, Raleigh produced 1,200 "unique models"—each decked out with different cranks, wheels and other accessories. By next year the range will be down to 500.

At Elswick Falcon, part of the Elswick Hooper engineering and farm equipment group, Mr Court is battling against imports for the middle ground in the market. The company shed a third of its workforce earlier this year, closed its Midlands factory and concentrated al production on South Humberside. It is also striving to find UK component suppliers to replace its traditional sources in the Far East.

With a factory workforce of only 86 producing 130,000 cycles a year, Mr Court believes he can match any fair competition from any quarter. But with imports rising by 200,000 a year over the past two years, the pressure is mounting. West Germany is a particular nuisance, he says, with some cycles hitting the market at prices 40 per cent lower than British machines.

Dawes, which claims to make the best quality bikes on the market apart from those hand-built for enthusiasts, tends to remain aloof from the scramble for market share. It is also something of an oddity in that it consistently makes healthy profits.

Even so, Dawes is contributing its stately bit to the range of new machines emerging from the industry ranks. Not to be outshone by the musical Vektar or a so-far secret product soon to emerge from Falcon, Mr Court promises to consolidate his company's hold on the serious touring market with the appearance in early 1987 of a completely electronics-free tandem.

Scots councils want links with Whitehall examined

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

LOCAL authorities in Scotland, bruised by spending battles with the Scottish Office, called yesterday for an independent tribunal of five members to examine their relationship with central government.

A potential split in the Convention of Scottish Local Authorities at an emergency meeting in Glasgow was avoided when the Labour group decided not to present a motion demanding that ties with the Scottish Office be severed.

The convention represents the 65 regional and district councils in Scotland, 32 of which are controlled by Labour.

Labour councils such as Edinburgh and Stirling have fought fierce battles with Mr George Younger, the Scottish Secretary, over the tight hand of the Scottish Office on council spending which it considered excessive.

Yesterday's motion called for an urgent meeting with Mr Younger.

More than half the councils did not budget in their 1985-86 budgets within the guidelines

Scotland has provided the testing ground for much legislation now in force throughout Britain to hold down local government expenditure. Today Mr Younger wields ever greater powers, such as rate-capping, than Mr Kenneth Baker, the Local Government Secretary, who is responsible for local council affairs outside Scotland, to keep district and regional authorites in check.

Apart from the budgetary problems of Scottish local authorities, the cuts have highlighted the changing political complexion of Scotland's nine regional, three-island (combining regional and district jurisdiction) and 53 district councils.

The traditional Labour councilors have been increasingly challenged by more radical Labour members in district councils such as Edinburgh, West Lothian and Glasgow. Big regional councils, including Strathclyde and Fife, have tried to avoid open conflict with central government while still decrying the Scottish Office's spending cuts.

Scotland has a large number of independent councils, whose members show an increasing resentment about politicisation of local government.

Most of the independents are from rural 2 areas like the Western Isles, Borders and Highlands. Councillors from the areas fear that rural interests in particular suffer as local government matters are taken up by the big political parties.

BA seeks to cut costs

BY MICHAEL DONNE

TIGHTER CONTROL of costs inside British Airways is vital if the airline is to be able to generate the profits it needs to pay for new aircraft and service loans, as well as yielding profits.

Mr Colin Marshall, chief executive, has pointed out in a series of addresses to staff last week that over the past two years profits and cash flow have been at satisfactory levels. However, he said: "Recent trends show us falling back more sharply and this gives cause for concern.

"We must control our costs now if we are to have any hope of a successful result for the year."

Mr Marshall told staff that as a result of substantial joint efforts, we are now much closer to the productivity and cost performance of some of our competitors.

"Our debt/equity ratio has improved from 88/12 to 67/33 and still further since the beginning of the new financial year.

Mr Marshall added that BA expected its capital and business growth to average around 4 per cent a year over the next few years.

"In 1985 prices, allowing for necessary spares and support, this means we need between now and 1995 to be able to spend on average about £250m a year on new capacity alone to increase the size of our business," he said.

Europeans to build wind tunnel

By Michael Donne, Aerospace Correspondent

A £125m transonic wind tunnel, tohelp in military and civil aircraft design, is tobe built by Britain, West Germany, the Netherlands and France.

It will be at Cologne-Porz in West Germany and be in operation by the early 1990s. The definition phase is beginning, under a new memorandum of understanding among the four countries, and will last until September 1987. An inter-governmental agreement on the construction phase is expected to be signed by then.

West Germany will contribute about 38 per cent to the construction cost (or about £47.5m) with France and Britain each providing 28 per cent (£35m) and the Netherlands 6 per cent (£7.5m).

A transonic wind tunnel enables aircraft designers to study what happens to aircraft at speeds nearthat of sound, without using full-scale prototypes.

Present Western European wind tunnels cannot simulate flight at such speeds accurately enough.

The UK Department of Trade and the Ministry of Defence are collaborating on the venture. The wind tunnel is expected to be used into the next century.

● A new British jet aero-engine, the Rolls-Royce Tay, has successfully completed its maiden flight, three months ahead of schedule. The Tay, a successor to the Rolls-Royce Spey, flew in a Gulfstream IV, a new U.S. business airliner.

More than 80 orders, worth \$1.3bn (£949m), for the Gulfstream IV are in hand. The Tay will also drive the new Dutch Fokker F-100 twin-engined jet.

Statoil job

MR PAUL HAYNES, new head of Statoil's London office, was previously manager, not general manager of crude oil trading for the British National Oil Corporation, as reported in yesterday's FT. The general manager is Mr Don Millar.

Labour investment bank plan attacked as naive

BY ERIC SHORT

LABOUR PARTY proposals for reviving the economy, unveiled on Thursday by Mr Roy Hattersley, the shadow Chancellor, were attacked yesterday by insurance companies and other financial institutions.

The Hattersley proposals include the formation of a national investment bank financed by the institutional funds and the forced repatriation of overseas holdings by harsh tax penalties.

Mr Peter Dugdale, chairman of the public affairs committee of the Association of British Insurers, said that freedom from restrictive controls had enabled the UK to remain a leader in world finance.

He said that financial institutions could continue their contribution to the economy within the existing framework not by the direction of funds into the proposed national investment bank.

It was the responsibility of insurance companies to achieve an adequate and secure return on savings entrusted to them by policyholders, he said. To achieve these returns they had invested a small part, less than 10 per cent, of funds overseas.

This compared with more than 85 per cent invested in UK equities and a further 30 per cent in UK gilts.

Mr Geoffrey Musson, vice-chairman of the National Association of Pension Funds and investment manager of the Merchant Navy Officers Pension Fund, said all investment studies had shown that institutions were always in a position to invest in projects and businesses which promised an adequate rate of return.

The difficulty was finding ventures worthy of backing.

Capital markets were very much international operations, he said, and any efforts to divert their natural operations reduced their efficiency. The Labour proposals showed a high degree of naivete towards capital markets, Mr Musson said.

The Unit Trust Association attacked the proposals as likely to cause a breach of trust with unit holders saying it was up to the individual investor whether or not to invest overseas.

Concern was also expressed by the Association of Investment Trust Companies. It said a national investment bank would have particular implications for trusts set up specifically to invest overseas, and for their shareholders.

Controversy likely over dumping of nuclear waste

BY ANDREW GOWERS

BRITAIN faces another international controversy next week over the dumping of radioactive waste at sea.

The issue is expected to dominate a meeting starting in London on Monday of officials from the 59 member states of the 1972 London Dumping Convention (LDC)—a treaty designed to protect the marine environment.

There has been an international moratorium on the dumping of radioactive waste at sea since 1983, when convention members voted to halt such activities pending the outcome of a scientific report on the issue.

Britain, up to then the world's biggest dumper, vowed at the time that it would not be bound by the moratorium. However, it has been prevented from continuing the practice by a ban imposed by the National Union of Seamen.

Next wek's meeting at the International Maritime Organisation will be considering the report, which has been completed by did not many any firm recommendations. The officials will have to decide whether the moratorium should come to an end.

British officials said yesterday the report provided no justification for a ban on the disposal of radioactive waste at sea.

Andrex's new leading roll

BY TONY JACKSON

MR DAVID FOSTER of Bowater-Scott has spent the last five years making a better toilet roll. Or so he hopes.

A project which began in 1976, and which Mr Foster joined in 1980, is about to unroll advertising worth £8m for a softer version of Andrex, the brand lead in the £353m UK toilet paper market.

This is one of the biggest budgets ever to launch a consumer product in Britain. Behind it is a capital investment programme of nearly £40m from a company whose annual turnover is a bit more than £150m.

The new product—New Feel Andrex—is superseding the old in the southern half of Britain, and will reach the north within a year.

TV commercials will show the Andrex puppy watching bemused as a series of animals—a stork, a kitten, an elephant, a giraffe—parade past. Radio commercials will spell out the symbolism: "The stork because it's new, the kitten because it's softer, the elephant because it's fatter, the giraffe because it's longer."

Toilet paper has come a long way since the 1950s, when the market was dominated by such rugged products as Bronco and Jeyes Super Strong. Technical advances have been made on the problem of making tissues softer without loss of strength.

New Feel, says Bowater-Scott, is as strong as the old, but a good deal softer. It is also thicker. This leads, says Mr David Foster, in a marketing phrase, to "lower sheet usage per task."

The Andrex launch is not mere marketing hype. The technical expertise of Bowater-Scott in the UK was linked to mechanical experiment on pilot plant at Philadelphia, the home of Scott Paper (joint owner of Bowater-Scott, together with Bowater of the UK).

Andrex already claims 31 per cent of the UK toilet tissue market. Kleenex is second with 11 per cent. It also claims to be the highest-quality product on the market, with 61 per cent of what Bowater-Scott defines as the premium sector.

The whole market is improving in quality," said Mr Nigel Thomas, the company's sales director. Andrex's refinements including a new system of "tail-tying," whereby starting the roll is a matter of lifting a simple tag, rather than struggling with a stuck-down end. "Most of the competition's stuff is practically spot-welded," says Bowater Scott.

It is also claimed that the problem of imperfectly perforated paper has been solved. This defect, known as "ghosting," is caused by the perforating bar being not quite straight when it strikes the sheet.

ECONOMIC DIARY

TODAY: Liberal Assembly closes in Dundee.

MONDAY: EEC Agriculture and Social Affairs Ministers hold informal meetings in Luxembourg (until September 24). CBI monthly trends enquiry (September). Sir Geoffrey Howe, Foreign Secretary, to have talks with his Soviet counterpart Mr Eduard Shevardnadze at the United Nations. Conservative Party issue statement on conference agenda. Launch of £100m garden festival to be held in Glasgow in 1988. OECD statement on unemployment.

TUESDAY: EEC Economic and Social Committee in plenary session in Brussels (until September 26). British Airports Authority trade unions to make a case against privatisation. Mr E. Shevardnadze, Soviet Foreign Minister, to address General Assembly of the United Nations. U.S. consumer prices figures (August).

WEDNESDAY: Detailed analysis of employment, unemployment, earnings, prices and other indicators. New construction orders (July). Balance of payments current account and overseas trade figures (August). Indefinite strike threatened by 30,000 council employees in Liverpool over cash crisis. Punjab state elections. IMF annual report published.

THURSDAY: Personal income expenditure and saving (second quarter). Industrial and commercial companies appropriation account (second quarter). Overseas travel and tourism (July). Energy trends (July). New vehicle registrations (August). Scottish National Party's annual conference opens in Paisley. Dr David Owen to give annual lecture to the Institute of Directors at the Cafe Royal, W1.

FRIDAY: EEC Fisheries Council meets in Luxembourg to discuss fish quotas. President Reagan holds talks with Mr E. Shevardnadze, Soviet Foreign Minister. Nato Council briefing on Geneva arms talks. U.S. merchandise trade (August).

'Revolutionary' shift in values promised by Steel

THE ALLIANCE will be the only credible alternative to Thatcherism at the next general election, Mr David Steel, the Liberal leader, told the Assembly yesterday.

Mr Steel hit out to both left and right, claiming Labour was a party in retreat, and accusing the Government of sharing "the shabby values of *Dallas* or *Dynasty*," where the poor were kept safely out of view.

Delegates gave Mr Steel a long-standing ovation after a speech in which he dwelt on the Alliance's readiness for government and promised a revolutionary shift in values and attitudes.

He repeatedly emphasised the rapid advance of the Alliance in local and parliamentary

Reports by Peter Riddell, Kevin Brown and Lisa Wood

elections, and sought to dismiss fears that an Alliance Cabinet would be weak and inexperienced.

The last similar administration had been the reforming Liberal Cabinet of 1906, which contained four men who went on to become Prime Ministers. "That should be enough to keep everyone happy," he told cheering delegates, with a sideways nod towards a huge photograph of Dr David Owen, the SDP leader.

Mr Steel urged delegates not to underestimate the appeal of the joint Alliance leadership. A Prime Minister with a deputy Prime Minister who was leader of his own party would bring to an end the quasi-presidential *system of government, in which* one person's prejudices interfered with the collective judgment of the Cabinet.

Mr Steel said the Alliance *parties* were *making* substantial progress in thrashing out joint policy on economic and constitutional issues; and on problem areas, such as defence and Northern Ireland.

But he warned that, after eight years of Conservative government, an Alliance Cabinet would face a Britain less prosperous, meaner in spirit, and *with less to be proud of.*

Alliance ministers would face the grim reality of the post-oil era, with a weakened economy, a more divided society, and widespread *pessimism about the* future.

He accused "the wreckers of the right" of stifling British genius and attacked the Government's *attitude towards scienti*fic research, the Civil Service and the public sector, and local government.

He was also bitterly critical of the Government's approach to the BBC, a "pillar of liberal democracy," which the Prime Minister and her "philistine friends" had tried to commercialise, dismember and control.

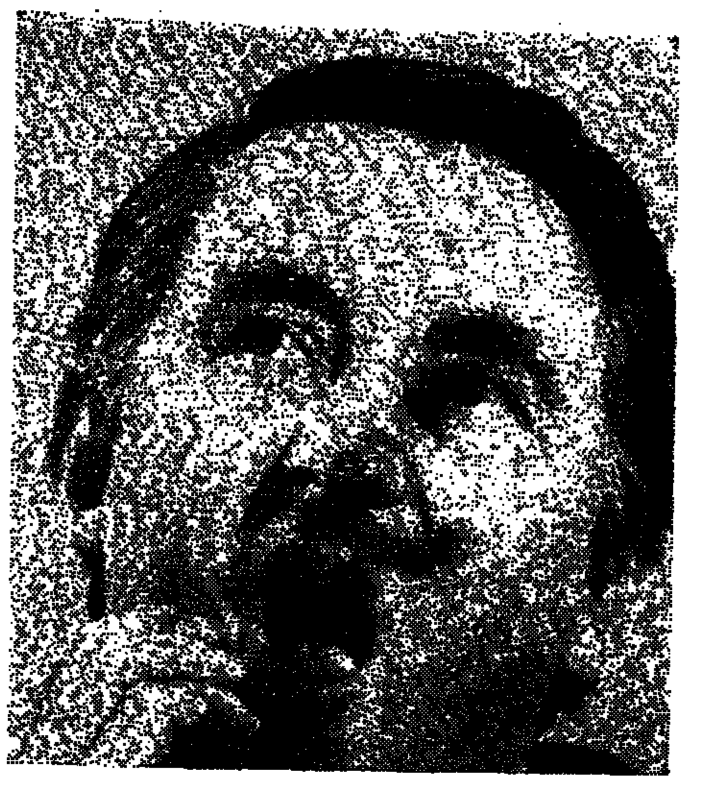
An Alliance government would rekindle British genius by junking monetarist and Socialist ideology and creating a partnership in every company and community.

Mr Steel promised a range of initiatives to decentralise government—including Scottish *and Welsh parliaments, to* regenerate the inner cities, and to promote profit-sharing in industry.

But he warned delegates not *to promise too much to the* electorate. The strains on the Public Sector Borrowing Requirement would be immense because of the frittering away *of oil revenues and the Govern*ment's economic mismanagement.

This would rule out massive commitments to extra public spending. The Alliance would have to find ways to use public funds to unlock private investment. A new partnership would be necessary between public and private investment, using public funds to "prime the private pump."

Mr Steel said that relatively small investments by the Government could stimulate massive private investment, creating hundreds of thousands of new jobs.



David Steel: "Government shared values of Dallas."

Leadership line on N. Ireland endorsed

A JOINT SDP Liberal commission report on Northern Ireland was endorsed by delegates backing the Liberal leadership line.

The motion had simply "welcomed" the report by Lord Donaldson and the members of the Alliance commission—What Future for Northern Ireland?—and accepted it as "an important contribu*tion to the development of* policy on Northern Ireland."

The report, published earlier this year, was approved last week by the *SDP at its conference. It ad*vocates closer co-operation with Dublin, power sharing in Northern Ireland, but no constitutional changes with*out the consent of the* majority.

The debate yesterday had provoked some anxiety in the Alliance leadership, since the *Liberal assembly in Harro*gate in 1983 accepted the principle of a United Ireland as a long term aim.

Delegates yesterday had *been urged by some Liberals* to refer the motion back for further discussion, a move which was narrowly defeated.

Mr Viv Bingham (West Derbyshire) argued that the report had not been fully digested and understood. "I don't believe," he said, "that to refer back is rejection. I don't believe it is the burial of the report or the forgetting of the problem.

"It's teaching us to go back to our grass roots and put it high on the agenda in all the constituencies in the next 12 months." There were many excellent items in the report, but deficiencies had to be examined, he said. Other delegates, speaking in a similar vein, protested they were being bounced into accepting the commission report.

Mr Simon Hughes, MP for Southwark and Bermondsey and the parliamentary spokesman on the environment, in summing up on the motion, which was guardedly approved, argued that delegates were not being bounced into acceptance. "We have to make sure that we are seen to be accepting it as a contribution to a debate. The only way we can be seen to be going forward constructively, whatever position you start from, is to accept this."

The document, he said, would not go forward as it was into the manifesto for the next general election.

Mr David Alton, MP for Mossley Hill, a member of the commission, introduced the motion. He criticised as "downright disgraceful" the *Government's decision to* withdraw Mr Douglas Hurd from Northern Ireland given the state of current consultations on the province.

He urged *delegates* to accept the commission report. "The patience of our people is not indefinite," he said, "It is a responsible programme that will free Ireland from the prison of its own history."

Ms Janice Turner (London), who proposed the 1983 resolution on Northern Ireland, said the history of Ireland was "littered with failed constitutional solutions." She deemed the report a "dead duck" and said: "If you agree that this becomes part of Alliance policy it will prove unworkable, unrealistic and a failed formula."

Mr Ian Willis (North West Hampshire), a member of the party's Northern Ireland panel, described the report as offering some of the most realistic and constructive proposals on Northern Ireland since the troubles began.

Mr Ian Brodie-Brown (Southport) told delegates that they were being asked not to rock the boat because an election was drawing near.

The commission report will now be discussed in detail by the Liberal standing committee on policy and the SDP's policy committee.

YTS job guarantee 'unrealistic'

LIBERALS yesterday held back from promising a job guarantee to all young people completing work under the Government's Youth Training Scheme (YTS).

A call for such action had been implicity made in the *motion on the YTS. Delegates* approved a resolution critical of the existing scheme but induced proposals to broaden its scope, improve pay and abandon any element of compulsion.

Mr Paddy Ashdown, MP for Yeovil and spokesman on trade and industry, said: "All our elegant policies will come to nothing unless we can offer hope for the future—and hope for a job." But the suggestion that there ought to be a guaranteed job for those who completed the scheme was "an unrealistic and undeliverable offer."

Several speakers denounced the Youth Training Scheme. Mr Graham Colly (Mid Kent) urged that it should be "ditched."

Mr Richard Kemp (Birkenhead) asked delegates to vote against the resolution calling it "mean in spirit and short in vision. Give a message of hope *to young people in Britain,*" he said, 'that the Liberal Party will not work with discredited schemes."

In contrast Mr John Boss (Cunninghame, Ayrshire) called the motion "at best half baked and at worst plain daft." He felt it would do nothing to persuade young people that they should take part in the scheme. "It takes as gospel every criticism of YTS that small minorities and pressure groups put forward," he said.

Baroness Sears, Liberal leader in the House of Lords, and a member of a Manpower Services Commission training board, urged delegates to "get into the act and make it better. Don't just sit there and carp about it."

Mr Rob Wheway (Coventry South West) successfully moved an amendment that deleted a call for a £30 per week income for YTS trainees (currently £26.50) in favour of a fifth of average earnings during the first year rising to one quarter in the second. Such a move, it was estimated, would raise rates by around £7 a week.

Electoral cash limit fails to win favour

PROPOSALS FOR strict limits on national political advertising during general election campaigns failed to win sufficient support at the assembly, and were referred back to the party's standing committee for further discussion.

The proposal, from Edinburgh Pentlands *Liberal Association,* would have limited central general election spending by each of the major parties to about £1m, with similar restrictions during local elections.

Other delegates said the resolution smacked of sour grapes and was fundamentally illiberal.

Call for judicial inquiry

THE ASSEMBLY yesterday called for a judicial inquiry into the riots in Handsworth, Birmingham, and a royal commission on the constitutional position f the police.

Delegates voted overwhelmingly for a statement on justice and security which also demands an elected police authority for London, and greater powers for provincial police committees.

Delegates said the Alliance had to make clear that an incoming government would not be soft on crime, and accused the Conservatives of presiding over record levels of violence and vandalism.

There was criticism however from a number of speakers including Mr Martin Thomas, former president of the Welsh Liberal Party, who said the resolution was woolly and lacking coherence.

Mr Simon Hughes, MP for Southwark and Bermondsey, condemned the violence in Handsworth but insisted that community policing had not failed. The mistake lay in the lack of democratic control and community involvement in policing.

Mr Hughes challenged the Government to repudiate calls by Mr Enoch Powell, the Official Unionist MP for South Down, for the expulsion of blacks. Nothing could cause greater violence than such a frighteningly simplistic and wrong analysis, he said.

Peter Riddell charts the rising fortunes of the Alliance partners

Still a way to go on road from Brecon

LESS THAN three months ago Mr David Steel and Dr David Owen spent a depressing few hours together being driven back to London through the night from by-election meetings *in Brecon and* Radnor.

They had just been told that the Liberal candidate was 18 percentage points behind Labour, according to an opinion poll due out *on the eve of* polling.

The two leaders wondered, increasingly gloomily, how the Alliance could regain momentum, and credibility, after such a setback.

In the event Mr Richard Livsey, became the Liberal MP *in the* constituency by a margin of 559 votes. And since then almost everything has gone right for the Alliance.

The latest Gallup survey giving the *Alliance 39* per cent of preferences may be a freak, but the trend is certainly upwards. And the Alliance's rating could rise even higher if Labour and the Conservatives have difficult and divisive conferences.

Indeed, some Alliance strategists are worried that they may be doing a little too well too soon. The last thing they want is a repetition of what happened after the Crosby by-election in November 1981 when Alliance's poll rating soared to more than 50 per cent.

The bubble burst and the rat*ing fell back*, with the help of the Falklands war, to a low point of less than 20 per cent at the start of the 1983 general election campaign.

In the absence of *any* early parliamentary by-elections the Alliance's rating may well fall back *gently after the conference* publicity fades from voters' memory.

The conferences have been marked by a general desire for power and for unity. When faced yesterday afternoon with a warning of the bad impression which a vote to refer back the Alliance commission report on Northern Ireland would have, the delegates decided not to rock the boat, much to the relief of party leaders and Social Democrats present.

The debate was probably turned by the speeches of Liberal MPs Mr Simon Hughes and Mr David Alton who had both had very good weeks and are now clearly the rising stars of the party along with Mr Jim Wallace, the new defence spokesman.

What differences existed have largely been submerged. Even the Association of Liberal Councillors has toed the line though it remains a potential challenger *to the leadership if* the going gets rough, as the ALC was in the difficult post-election period in the summer and autumn of 1983.

Moreover, the Alliance, and especially the Liberals, still have a long way to go to explain their macro-economic policy, particularly their attitude to pay and the trade unions.

There is still a preference for talking about long-term *change rather than immediate* economic problems. That gap will have to be quickly sealed if the Alliance leaders are to convince business and the unions that they are a credible challenger for power as Mr Steel claims.

MR DAVID STEEL, the *Liberal* leader, had an extra cause for celebration after his successful assembly speech yesterday—Dundee voters put him top of the poll in a mock *parliamentary election staged* to publicise proportional representation.

The election was staged by the Alliance Action Group for Electoral Reform which persuaded 404 people to complete ballot forms for a mythical three-meber Dundee single transferable vote, the PR system favoured by the Alliance, with a slate of candidates from all three national political groupings, *plus the Scottish National* Party.

Mr Steel topped the poll on first preference votes, followed by Mr Gordon Wilson, the SNP MP for Dundee East, and Mr Neil Kinnock, the Labour leader.

Up to £4,000 extra for non-union GCHQ staff

BY DAVID THOMAS, LABOUR STAFF

SOME MEMBERS of the staff federation set up at GCH in Cheltenham after unions were banned are being paid from £3,000 to £4,000 a year more than colleagues doing broadly similar work who retained their union membership.

Mr John Sheldon, general *secretary of the Civil Service* Union, said yesterday: "People left GCHQ at such a rush after the union ban, that they could not stem the flow without extra payments."

This differential has opened up for two reasons. In October last year management at the communications centre created a new grading structure and said that employees retaining union membership were ineligible for it because their future there was limited. Some individuals joining the new structure received pay rises of about £1,300 a year because of merger of grades.

On top of that, the staff federation has just announced rises varying from 13.9 per cent to 29.7 per cent, worth between £1,200 and £2,300 for those in the new structure, again excluding members of the civil service unions. The claim for these extra payments was based on difficulties in recruitment and retention.

Adding these two elements together, Mr David Gallop, chairman of the remaining union members within GCHQ, said yesterday: "Some of our members are being paid £4,000 a year less than people in the same office. Union membership is costing them that much.'

Mr Gallop predicted that there would be friction with scientists and technicians n other parts of the civil service once they realised the size of the special payments being made at GCHQ.

Mr Brian Moore, chairman of the GCHQ staff federation, said: "If the unions outside think their members should be paid that much, they should get off their backsides and negotiate.

Move to extend equality legislation

THE GOVERNMENT is proposing to bring small companies within the scope of the Sex Discrimination Act—a move which runs counter to its aim of cutting back on "burdens to business," but essential to comply with the terms of the European Equal Treatment directive and a ruling of the European Court of Justice made in November 1983.

The consultative document issued by the Government stresses "the importance which the Government attaches to the need not to inhibit enterprise by unnecessary legislation." Ministers have been active in seeking to persuade Common Market Commissioners in Brussels of the need to cut back on social legislation which lays more obligations on the employers.

However, the document also points out that "the UK has international obligations under the Treaty of Rome which make changes to the legislation essential."

Companies with fewer than five employees are at present exempt from the Act's provisions, which proscribe discrimination on grounds of sex in recruitment, working conditions, pay, promotion and dismissal. However, the Department of Employment stressed yesterday that the changes would not "restrict the ability of small employers to recruit the most suitable person for a given job."

TGWU confronts S. Africa

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE GENERAL executive council of the left-led Transport and General Workers Union yesterday confronted Dr Denis Worrall, the South African ambassador.

Mr Ron Todd, union general secretary, said of the meeting it "wasn't a cucumber-sandwiches party." Beginning a long *submission to the council* the ambassador said: "I have no illusions that I will influence you."

The 40-strong council told *him it would support the most* stringent economic sanctions and those members who acted to ban South African goods when others tried toavoid sanctions.

The union demanded an end to the state of emergency, the release of political prisoners *including Nelson Mandela and* Oscar Mpetha, and immediate talks with black leaders including those of the banned African National Congress.

Mr Todd said that unless these demands were met, South Africa was on course or a bloody holocaust.

Dr Worrall, in a long, closely *argued response,* said much of the unrest was demonstrably he result of agitation. The union should review whether indiscriminate *support for organisa*tions such as the ANC, committed as this was to violence, was conducive to achieving a more just and equitable situa*tion in the republic.*

He said opposition to South Africa of the kind shown by the union was explicable only on the assumption that the republic was a uniquely evil society, an assumption which was false.

He said: "In comparison with other African countries, South Africa has a relatively long tradition of parliamentary democracy.

Drive to end child labour

BY OUR LABOUR STAFF

THE TUC and the United Nations Children's Fund yesterday launched a joint campaign against child labour.

The TUC and Unicef have collaborated to produce a report which documents the extent of child labour worldwide. The initiative for the project came from Unicef.

Mr Norman Willis, TUC general secretary, said yesterday that illegal child labour was a particular problem in Britain in agriculture, retailing, manufacturing, assembly work in small establishments and among contract cleaners winning privatised services in the health service. "We will be asking our members to blow the whistle on them," he said.

The TUC is to send the report to the Government. MPs, bishops and to Commonwealth Prime Ministers who are due to meet next month.

Mr Willis accused the Government of refusing to implement the 1973 Employment of Children Act on cost grounds. "There is a need for much more effective action by the British Government," he said.

The TUC Unicef report says that 150 million children work worldwide, 98 per cent of them in developing countries. Thailand, India, Brazil and South Africa are among the countries cited as having particularly bad child labour problems. Italy and the U.S. are singled out in the developed countries.

Mr Alec Fyfe, Unicef education officer, said that the report would be used in Unicef's world-wide educational effort.

All Work and No Play: Child Labour Today. TUC. Great Russell Street, London WC1 3LS. £4.

School strikes to spread

BY OUR LABOUR STAFF

SCOTLAND'S *biggest teaching* union, the Educational Institute of Scotland, has announced plans to step up disruption of schools, in the wake of deci*sions on Thursday to escalate* strike action by the two largest teaching unions in England and Wales.

Selected schools in Glasgow, Ayrshire, the *Highlands,* Banff and Buchan, Orkney and Shetland, Argyll and Bute, Lanarkshire and Renfrewshire, will be affected by strikes of up to three days' duration next week.

More than 1,500 teachers will take part and more than 30,000 children will be affected, according to the institute.

The Scottish move follows Thursday's strike announcements by the National Union of Teachers and the combined National Association of Schoolmasters/Union of Women Teachers.

The *third-largest* teachers' union in England and Wales, the 100-strong Assistant Masters and Mistresses Association, is considering the results of a *ballot on whether to join the* strike action. The traditionally moderate membership is expected to vote against strike action, but in favour of obstruc*tive action short of a strike.*

Sir Keith Joseph, the Education Secretary, yesterday urged the unions to "think again" on their rejection of the Government's *latest* pay and *condi*tions offer.

ACAS, the conciliation service, said last night that it had written to Mr Fred Jarvis, general secretary of the National Union of Teachers, asking the unions to meet Acas for "exploratory talks."

The Acas initiative follows a request for help by the employers.

Helen Hague looks at the chances of a newspaper revolution

Fleet Street and the the Eddie Shah factor

Print protagonists (left to right): Mr Rupert Murdoch; Mr Eddie Shah; Mr Brenda Dean; Mr David Stevens; Mr Robert Maxwell

MR EDDIE SHAH'S proposed daily paper is due out in six months' time. The drive by newspaper managements to print their papers in Dockland gains momentum. Fleet Street is bracing itself for a sea change.

Or is it?

Punditry proliferates. So far there has been more talk than action. The 12-day dispute that halted the presses at Mirror Group Newspapers recently promised more than it delivered to chroniclers of change.

Mr Shah's new paper, with the essential proviso that it could hit on the editorial mix which attracts readers, would cut a swathe through national newspaper practices which have *grown up over decades.*

As perceived by managements, the list of ills afflicting Fleet Street is topped by overmanning. As one veteran man*agement man commented, it is* "the oldest Spanish custom (restrictive practice) in the book."

Mr Shah plans to have about *700 employees on the payroll.* All except journalists will be represented by EEPTU, the electricians' union, with which he has agreed a single union, *no-strike deal.*

At least within his own organisation Mr Shah will not be concerned with inter-union demarcation disputes and so called "leapfrogging" pay claims which characterise Fleet Street's industrial relations.

He will print in colour, using new technology which will enable the paper to include *late*breaking stories with ease.

The Shah factor has already acted as a catalyst for newspaper managements to speed planned moves to Dockland, or at least out of Central London.

Mr Robert Maxwell, publisher of Mirror Group Newspapers, plans to move printing of his three national titles out of the group's high-cost Holborn Circus complex by the end of 1987, and is spending £60m on 20 new *colour printing presses. He has* still to choose between Docklands and Waterloo as the site.

Associated Newspapers, publishers of the Daily Mail and the Mail on Sunday, has brought forward its plans to build a £100m printing complex in Surrey Docks within four years. *It intends to have full produc*tion of both papers from the new site by early 1988.

Lord Hartwell's Daily Telegraph and Sunday Telegraph plans a move to the Isle of Dogs. It has raised £80m to fund the project through investment-placed holdings. At present the daily is undergoing a change from hot metal to photo-composition, due to be completed by the New Year.

A deal with the National Graphical Association chapel has led to a "buy-out" of the London scale of prices for cash sums of about £37,000.

A number of jobs have been conceded, compositors are on a standard salary, and management has given the NGA a five-year guarantee that the union will input jornalists' copy.

The Guardian has been given notice that it must stop using Mr Rupert Murdoch's Grays Inn Road presses by the beginning of 1988. It plans a move to an Isle of Dogs site with presses that can increase pagination and editionising.

In all these cases discussions with the unions are at a very early stage, if they have begun in earnest at all.

More immediate is the News Group project to begin printing a London evening paper by March, and transfer printing of the Sun and News of the World to Wapping from its Bouverie Street plant.

News Group is part of Mr Murdoch's News International empire, a sister-parent company to Times Newspapers, which prints in Grays Inn Road and has no plans to move east.

Next Monday week Mr Murdoch is due to meet Ms Brenda Dean, general secretary of the print union Sogat '82. Leaders and full-time officials of the NGA, the electricians and the engineers believe they will also attend, thoug News Group says the firm invitation is to Sogat.

A firm date for the Murdoch-Dean meeting averted the prospect of disruptive action by Sogat members at News International in the wake of fears that the union could be excluded from a manning deal.

Management-operated trial runs of the Wapping presses fuelled speculation that the site could be staffed in a way which cuts across traditional print union demarcations.

This belief, which in some versions includes the imminent propsect of a News Group-EETPU single-union deal for the site, is still rife in many Fleet Street print union chapels.

The fact that Mr Christopher Pole Carew, who took a strongly anti-union line as managing director at T. Bailey Forman, publishers of the Nottingham Evening Post, is preparing a feasibility study for Mr Murdoch on new technology at Wapping has also heightened union wariness over what could happen there.

In recent weeks the "Wapping factor" has led to improved relations between NGA and Sogat at London branch officer level. Joint meetings have been held to discuss a possible joint strategy on the issue.

Relations between the two unions nationally reached an all-time low this summer after clashes over "new technology" demarcations in the provincial press. Simmering hostilities became overt through the two *union journals.*

The potential threat posed by a non-traditional Fleet Street deal in Wapping—News Group will press for reduced manning levels and a reduction in casual workers—has, in the words of a Sogat official, "forced us together." He commented: "The industry is not going to wait for us while we settle our differences over a pint."

If the talks with Mr Murdoch prove unpalatable, response from Sogat *and other unions* could be swift.

United Newspapers' bid for Fleet Holdings, publishers of the Daily and Sunday Express, will, if successful, pose another threat to the Fleet Street print unions.

United's chairman, Mr David Stevens, has indicated that he would want job cuts of 20 per cent at the Express.

Mr Maxwell's campaign to assert "management's right to manage" continues.

He has warned unions at Mirror Group, through an interim statement on profits of his British Printing and Communication Corporation, that he will conclude a single-union deal with one of them if he does not succeed in eradicating "Spanish customs."

Management by ultimatum is Mr Maxwell's negotiating tactic. tion that the group's national newspaper titles would never again print from Holborn raised the stakes in his dispute with the NGA over transfer of the Sporting Life out of the building.

That paper will never again return to Holborn, *though* it seems that Mr Maxwell's pledge to the unions to sell the title by the end of the month is now in question.

If he reneges on the intention to sell it will most likely spark another skirmish with the group's unions.

There is no doubt that Mr Maxwell would like to go down in history as the man who transformed Fleet Street industrial relations.

The settlement of his recent dispute was a propaganda victory which "bought out" certain restrictive practices in the NGA composing room for £10 a week.

Events at Mirror Group to date have failed to justify Mr Maxwell's tag that the dispute "was a landmark in Fleet Street history."

If a revolution is to come, it will be in the wake of Mr Shah's venture. If he succeeds, *other Shahs will follow,* undercutting the costs of older Fleet Street titles.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday September 21 1985

Wage worries in Europe

THE EXTRAORDINARY outburst of anguish from the Confederation of British Industry on the subject of wages, circulated to members this week, expresses a worry which is shared, in various forms, in most European countries. Unemployment has risen steeply in all of them, and it is fashionable to put most of the blame on wage rigidity.

It is as well to be clear what this means. It is not simply a *matter of the rate of increase* in pay. Unemployment has risen even more steeply in the Netherlands, where wages and prices have remained fairly stable, than they have in Britain. The increase is almost as bad in West Germany, where real wages have risen only 2 per cent over the last seven years, an annual average of little more than a quarter of a percentage point. But in all these countries, the escalator, *fast or slow, has been steady.*

In other countries a very different picture can be seen. In the U.S. real wages were cut so sharply in the depths of the recession that they are still some 6 per cent below their 1978 level. They are now rising again. In Japan, where real pay has traditionally risen very fast, in line with that country's enviable growth, the market imposed a standstill in 1980-81, and a quite modest annual rise *since. In Italy,* despite an indexation system which has in the past prevented any actual cuts in real wages, performance has varied wildly from year to year.

Pressures

All this suggests, as an OECD analysis has tentatively confirmed, that it is not so much the level or even the rate of increase of real wages which determines the demand for labour, as the responsiveness to outside pressures. Where pay settlements absorb the strain, jobs are protected; where settlements serenely follow custom and practice, jobs are lost.

Where do these rigidities arise? The answer seems to have little to do with trade union militancy; the current year, for example, is proving about the most peaceful in living memory in the British private sector, without the least visible effect on pay settlements. Responsible behaviour—the kind of voluntary incomes *consensus* long practised in Germany and Austria, and somewhat less consistently in Scandinavia—produces less inflation, but little more flexibility. Weak trade unions as in the U.S., a partly chaotic economy as in Italy, or a large element of profit-sharing as in *Japan, all seem to ensure that* incomes respond more readily to economic pressures.

Mrs Thatcher's government has hoped that deregulation, open markets and the democratisation of the trade unions would break old habits. This has been highly successful in enabling the more enterprising managements to achieve breakthroughs in working practices; but the settlements they have been happy to concede to secure these improvements have spread through much of the private sector as a going rate, with public-sector pay lagging provocatively behind.

This is the situation which worries the Government and its opponents, as well as the CBI: but nearly all the remedies on offer put the emphasis on lower settlements rather than greater flexibility. The Social Democrats quite openly, and the Labour political leaders privately, hope to follow the example of Mr Bob Hawke in Australia, and trade wage restraint for fiscal stimulus. The CBI and government ministers call for restraint in the name of competitiveness and lower inflation, with no other reward offered; indeed, the CBI is driven, paradoxically, to preach a kind of employers' collectivism, stressing that "we are all in this together," in order to preserve the good name of the free market. Always keep a hold of Nurse, as Hilaire Belloc put it, for fear of meeting something worse.

The British *Liberals* are a lone voice—though not, to judge from recent opinion polls, such a minority voice as they once were—in laying some stress on profit-sharing as the way forward. This would in the end make rewards more responsive as well as attacking the polarisation between *managers* and employed which the Liberals want to attack, and approach the Japanese enterprise ethic.

This attitude can be praised as both idealistic and hard-headed—provided the idealism does not delude any proponent into expecting quick results. Cultural changes of this kind take decades to achieve. Meanwhile, there is a quicker-acting remedy at hand: a determined attempt to push ahead with the integration of the European market.

The CBI document makes an *interesting point on this score.* Services and components are now bought in on such a scale that wages and salaries account for only a fifth of total costs in the average member enterprise. On so narrow a front, it is tempting to yield a little to preserve peace and goodwill. The fragmented European market does not provide sharp enough competition, especially in the contract-bound market for bought-in components, to *discourage this comfortable* drift with the tide. Competition policy is still the poor cousin of sectoral protection in the EEC.

UK SOCIAL SECURITY REFORM

Fowler review: The main proposals

- Supplementary Benefit and Family Income Supplement to be abolished.
- Income Support to be introduced as new and simplified means tested benefit to bolster low incomes. Lower rate for under 25s. Extra premium for children.
- Housing Benefit simplified and cut by £500m. Same means tested benefit for those in and out of work. Everybody to pay 20 per cent of own rate bill. Better off and pensioners to lose some or all benefit.
- Family Credit. Means tested benefit for poor working families with children to offset tax and national insurance contributions.
- *Child Benefit.* Universal benefit to be continued for all children but not always to be uprated to keep pace with inflation.
- Death grant, Maternity grant and Emergency payments to be abolished. *Replaced by cash—limited Social Fund.* These in distress able to ask for emergency help which may be offered as grant or loan or refused without right of appeal.

"We're hoping to persuade the Minister that this is the fairest system"

Mr Fowler in the eye of the storm

By Robin Pauley

AFTER a balmy 18 months basking in praise for the time and caution he took in preparing proposals for the reform of Britain's social security system, Mr Norman Fowler, Social Services Secretary, has been hit by a hurricane *of protest* since his plan was published in June.

Much worse storms are ahead. The anger so far has been directed at Mr Fowler's green paper, but this will be transformed into a white paper in November and a Bill in the next Parliamentary session. He has only a few weeks to decide whether he changes his mind about a central government commitment or finds a way to placate his opponents.

Given the breath of the opposition and the lack of support for the general ideas, it is not surprising that Mr Fowler is now widely reported to be extremely worried about the *details.*

All changes arouse fears and objections and it was to be expected that a wave of anxiety would wash over plans to reorganise the structure of benefits which touch every citizen at some time in his or her life. But the breadth and depth of objections, ranging from the Confederation of British Industry to the Church of England, from the welfare lobby to the pensions industry and from the TUC to large sections of the Conservative Party, has taken everyone aback.

Only the Institute of Directors and the right-wing Monday Club could be described as warm and enthusiastic supporters of the plans and that hardly represents a wide enough consensus and *political* base for such controversial changes.

Yet there was widespread support for Mr Fowler when he set out to review social security which costs £40bn a year or a third of all public spending. The budget had grown five times faster than prices since the war *and the rate of growth* was accelerating, partly because of sharply rising unemployment. In addition, the tinkering in the 40 years since the system was conceived by Sir William Beveridge has produced distortions and contradictions which make it incomprehensible and inefficient.

So if the system was so obviously overdue for reform, why has there been such virulent opposition to both the social security provisions and the plan to abolish the State Earnings Related Pension Scheme (the opposition to Serps was discussed in an article on this page in yesterday's FT)? The broad reasons appear to be that while there are very large groups of clear losers *from the* Fowler proposals, obvious winners are hard to detect. The last-minute excision from the green paper of all of the Government's own illustrative figures fed the suspicion that the entire exercise is a cost-cutting device dressed up as a reform.

The new systems also rely heavily on means-testing, which remains deeply unpopular in Britain.

The current system offers more than 60 different benefits in three broad categories.

- National Insurance benefits. These are payments like unemployment benefit and retirement pension which are not means-tested and are paid on the basis of previous contributions.
- Means tested benefits such as rent and rate rebates, supplementary benefit, Family Income Supplement and Housing Benefit. They are payable after an assessment of a claimant's finances shows an income level low enough to warrant support *irrespective of whether National* Insurance contributions have been paid.
- Non-contributory benefits such as child benefit, maternity grant, invalid care allowance, pensioners' Christmas bonus. They are automatically payable to all claimants who meet certain specific conditions irrespective of means or contributions.

In addition, there are single lump sum payments for emergency hardship—clothing, bedding, removal expenses.

It is the inconsistent relationships of the various means-tested benefits with each other and with the taxation system which has caused so much trouble. As taxation starts at an income level low enough to qualify for benefits and as several benefits are progressively withdrawn as income rises, the net effect can be the loss to a family of more than £1 of income for each extra £1 earned.

Another way of looking at the same problem is that some families pay up to 30 per cent *of their income in tax and then* get the same amount back in benefits, the whole bizarre process engaging 80,000 full-time civil servants at a cost of 10p for each £1 of benefit delivered.

Mr Fowler's new proposals are his attempt to cut a straighter path through this *jungle and to try to make* means-tested benefits work in conjunction with rather than against each other. In addition, help is directed at the groups in society in which poverty is now obviously most acute and growing—the unemployed and the low-income families with children.

So, a new system of means-tested benefits is proposed on the basis of giving poor people enough cash to cope with their responsibilities.

As part of the reforms, Mr Fowler *is planning* to use the same rules and income criteria for all the new benefits. The key qualification will be a very low income. The myriad of present distinctions between householders and non-householders and short and long-term claimants will be swept away.

The main benefit will be Income Support. There will still be some variable levels of payment—for example for married people and, most controversially, people under 25 will get less cash than those over 25. There will be an extra premium for poor families with children.

In addition there will be a *new payment to help poor families* with children: Family Credit. This will provide extra money rather than benefits in kind like free school meals, to working families with children. The rules and criteria will be the same as for Income Support which means people will not get *one benefit at the expense of* another and will not lose more than £1 for £1 if their income starts to rise—although some people could still lose 93p in the pound of extra income according to the Institute of Fiscal Studies (IFS).

The present Housing Benefit continues but under new rules to make it consistent with the new Income Support and Family Credit. Its £4bn costs is to be cut by £500m by taking some better-off people out of benefit and by making everybody pay 20 per cent of their rates bill.

Much of this looks eminently sensible at first sight and a great improvement over the impossible mish-mash of the present arrangements. So why are there so few kinds words for Mr Fowler in the pile of responses he has received?

First, there are widespread anxieties about the extent to which the really very poor might suffer greater hardship and indignity. *This is because* of a controversial plan to abolish all one-off emergency payments. In their place will be a Social Fund which will be given a cash limit at the start of each year. People in extreme hardship even after receiving their benefit will have to go to the local social security office and *ask for help which may be given* either as a grant or as a repayable loan, with no right of appeal.

"What will happen to people in need if the cash limits are exceeded? How can loans be repaid when income level is so low?" asks Age Concern, and *the National Council for Voluntary* Organisations also fears the effect of the fund limit being too small: "If there is a severe winter how will it cope with the many pensioners who need help with their fuel bills?"

The welfare lobby's criticisms of the social fund are joined by the Institute of Directors but for opposite reasons. It not only argues against the fund but also urges Mr Fowler to save £50m a year by halving the level of the current emergency payments

> The concept of means-testing under the new plans is lashed time and again

But the perception that the people in the direst financial straits of all are going to have a worse time of it has more than anything sparked the view that Mr Fowler's reviews have more to do with cuts than welfare. As part of the process of trying to find a consensus in Parliament he seems likely to *try at least to* persuade the Treasury not to impose a cash limit on what is so obviously a demand-led benefit.

Many of the critics of Mr Fowler's other reforms overlook the fact that he is at least trying to make the three main benefits — Income Support, Family Credit and Housing Benefit—interact in a way which makes each consistent with the others.

The Policy Studies Institute (PSI) *in a lengthy and thoughtful* analysis of the green papers is rare among the responders in noting that "the consistent design of the three main means-tested benefits represents the major achievement of the green paper."

In the absence of clear winners, the respondents have been able to latch on to obvious losers in their responses.

The concept of means-testing is lashed time and again—and under the new plans more than 25 per cent of all parents will have to subject themsevles to it if they want the benefits they will be entitled to. The PSI says: "A policy heavily dependent on means tests is likely to be unstable"

The Government defence of *means-testing is that it* targets scarce resources more directly to where they are needed and keeps them out of the pockets of those who do not need them. The counter argument has been that a combination of ignorance, distaste and misplaced pride leads to a low take-up rate as large numbers fail to claim their due.

Criticisms of the Housing Benefit changes have focused on the cuts. Around 7.5m households receive the benefit and those without children will not make up the loss through the extra cash for poor families. This includes pensioners; a major political problem for Mr Fowler is underlined by Age Concern which points out that half of Britain's 11m pensioners get housing benefit. All will be losers. In addition, owner-occupiers will lose relatively more than tenants.

Protests about Income Support return time and again to the plan to pay a lower rate to under 25s. Britain's very poorest include many people under 25 with young children and they will be worse off in spite of the new income benefits for families.

However, Mr Fowler's specific attempts to aid poor families win some muffled applause from an otherwise critical audience including the Tory Reform Group, the National Consumer Council, the Church of England and the Confederation of British Industry.

Many complaints focus on an important change: Family Income Supplement was paid *out by DHSS* offices but the Family Credit will be paid into the pay packet of the main household earner, usually a man, on the basis of net income. Although *this is the only* meagre and tentative step towards an integrated taxation-benefit approach, it has aroused hostility which has welded the welfare lobby—which wants cash paid to the mother—to the Institute of Directors and CBI, which are jibbing at the implied extra administrative burden for companies.

The Trades Union Council, which is planning a major offensive against the reforms under the slogan "You need the welfare state, now it needs you," is hoping the Family Credit's administrative burden will bring the employers into the campaign.

There is one overriding omission from these reviews: the failure to start integrating the taxation and benefit systems which would eliminate the need for the present system of claiming and being subjected to means tests. Integration would also tackle the problem of the "rich man's" welfare state — mortgage interest relief, tax allowances and the married man's allowance.

The National Consumer Council is one of many that complain that "looking at social security expenditure and tax relief separately makes no sense, it divides society into the poor who receive help through benefits and the rest who receive help through tax relief."

The IFS has long argued for such approaches but points up one of the Government's difficulties: "The experience of tax reform shows that structural reforms are difficult to implement unless there are more gainers than losers."

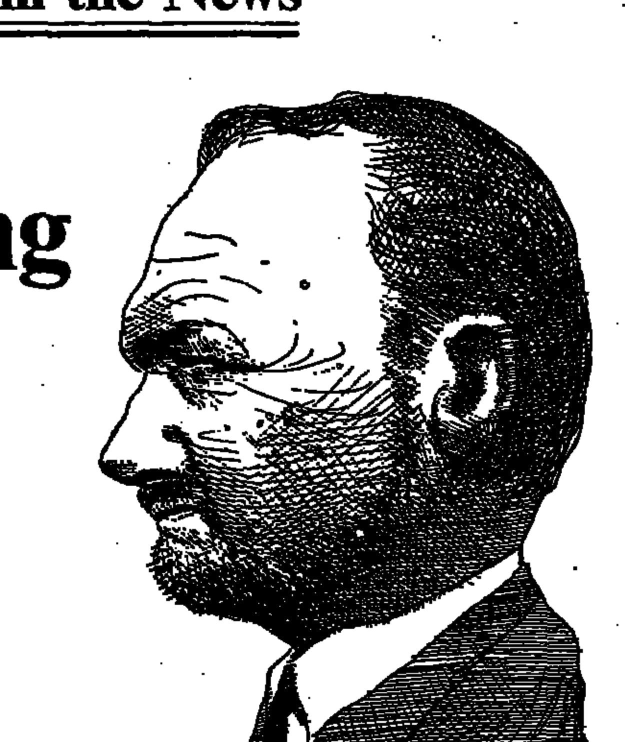
That is the nub of all Mr Fowler's difficulties. It is a far cry from his original aim of being a new Beveridge by creating a second welfare state to take Britain into the next century. His immediate worry is how to get through the next 18 months without encountering troubles which could make the Government's difficulties with recent local government legislation look like a mere hiccup.

Man in the News

Charles Hernu

The wrong end of the Rainbow

By David Housego in Paris



M CHARLES HERNU today finds himself carrying the blame for the most damaging blow to M Mitterrand's administration in its four year in office. For long one of President Mitterrand's closest political associates, he resigned yesterday as Minister of Defence over his controversial handling *of the "Greenpeace" affair.*

There are a great many mysteries yet to be resolved. Did M Hernu give the orders for the blowing up of the Rainbow Warrior in Auckland harbour on July 10, as the weekly L'Express asserted again yesterday?

French security procedures would normally require ministerial approval for such a sensitive operation.

Or was he covering up for an operation for which he was not directly responsible, and did that cover-up extend to the Elysée?

Whatever the final truth, it was clear on Thursday that M Hernu would have to go if there was to be any chance of protecting President Mitterrand from further political damage. The official line from the Elysée all week was that the President wanted the truth, and that thus, implicity, he was being misled by his subordinates. On that reasoning M Hernu's failing in the President's eyes was incompetence in not obtaining from his intelligence services information that was already appearing in the Press. But he is also as the Americans would say "the fall-guy" in the affair.

The most surprising thing about M Hernu's downfall is that until the Rainbow Warrior was sunk, he seemed one of the most solidly established and widely respected og the nseior widely respected of the senior ministers. He is the only one to have held his post un*interruptedly* since the Socialists came to power. Opposition members have been jokingly heard to say that he would be the only one who could be considered for a post in a right-wing government.

Hot tempered, humorous, hardworking, his life these past four years has been built around his ministry. He likes soldiers and they respect him. He made a point of regularly *going to the Lebanon* to visit French troops operating in difficult circumstances—as was the case with the French contingent in the multinational force *set up shortly after the* Israeli invasion.

He likes good food and likes being with pretty women. He has been married four *times*—a record in the present administration. He is also an avowed freemason with a taste for ceremony and secrecy.

His friendship with President Mitterrand goes back at least 20 years as he was one of M Mitterrand's close associates when he stood as a candidate for the Presidency in 1965. He was loyal to M Mitterrand throughout his long years in the political *wilderness.* He is one of the small number of the President's friends who makes the pilgrimage with him on foot every Whitsun up to the top of *Solutré in central France.*

In 1981 when the Socialists took office the Ministry of Defence was one of the trickiest *tasks in the government.* The armed forces regarded the new administration with suspicion both because it included the Communist party and because of the Socialists' attack on France's nuclear deterrent when in opposition. M Miterrand chose M Hernu for the job because military affairs were already his passion and he had good contacts within the forces. Pragmatic and without strong ideological commitments, he quickly made himself accepted.

One of his few blunders in those early years now turns out to have more significance that it seemed to have then. He appointed M Pierre Marion to head the foreign intelligence services (the DGSE) notwithstanding the warnings he had *of M Marion's inexperience* and difficult temperament. About 25 of the top hierachy of the DGSE resigned as a result of clashes over personality and political opinions. *Admiral Pierre* Lacoste, who was also sacked yesterday was called in in 1982 to rescue the organisation.

Though President Mitterrand's reassertion of Gaullist orthodoxy over the nuclear deterrent confirmed the continuity in French defence policy, M Hernu was nonetheless anxious to leave his personal mark as well. This he did through the creation of the 46.000 strong Rapid Deployment Force which increases French capability to intervene early in a European conflict. If it represents more a re-organisation of existing resources than a fresh initiative, it still won applause in the forces.

Even apart from the Greenpeace affair, M Hernu looked as though he would be running *into more stormy waters this* autumn. The Opposition, for example, has been arguing that over the last four years defence spending has been running below what France requires and below as well the Government's own targets.

M Hernu won from the Ministry of Finance an increase of 2 per cent in real terms in the 1986 Budget—thus making defence one of the few exceptions to the cuts in public expenditure. But he was expected to come under strong attack in the defence debate in the National Assembly. It will be one of the first challenges facing his successor, M Paul Quiles, until now Minister of Transport.

Suggestions that M Hernu would have to resign over the Greenpeace affair *first surfaced* in the middle of August. But they then subsided after M Hernu seemingly reassured the President that the Government could ride out the crisis.

Now 62, M Hernu comes from a modest family—his father was in the gendarmerie. He joined the resistance in the war and was first elected to the National Assembly in 1956. In the last Parliamentary elections, he stood at Villerbanne on the outskirts of Lyon where he is still mayor. In next March's *parliamentary* elections, he would have been the main Socialist rival in the Lyon area to M Raymond Barre, the former *Prime Minister and ruling* baron of the city. It must be doubtful now whether he will offer himself as a candidate.

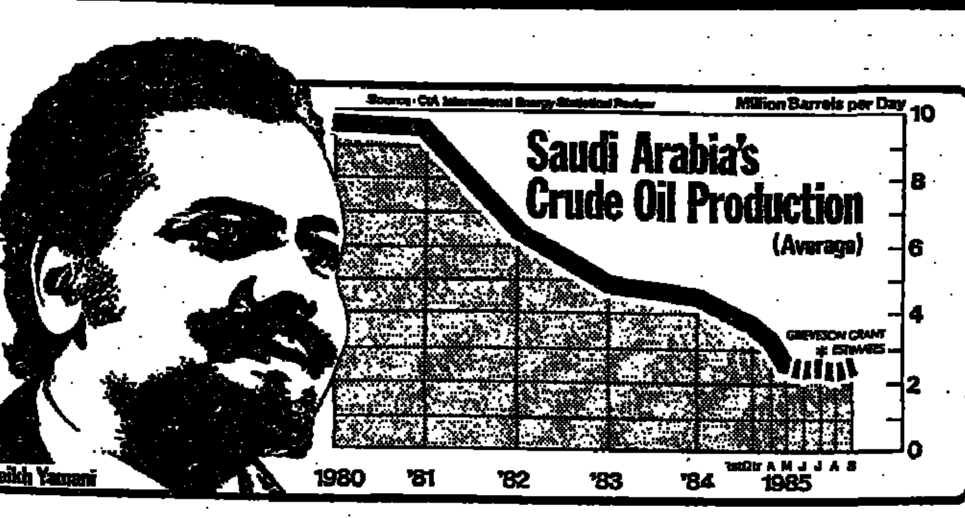
THE KINGDOM has struck back. After five years of a downward spiral in its oil production, Saudi Arabia, the owner of a quarter of the world's proved oil reserves, has finally decided to re-enter the battle for market share.

While the other less prominent members of the Organisation of Petroleum Exporting Countries have found innumerable ways of breaking the Organisation's official pricing structure, Saudi Arabia has until now held firm—and as a result suffered a drastic loss of output.

Until very recently the Kingdom's bid to claw back some of its lost market share through sales of cut price oil would have sent oil prices on the open market into a tail spin.

But with Northern Hemisphere heating oil stocks ahead of the winter months at historically very low levels, and with the output of other Opec members—with the tiny exception of Ecuador—within their quotas, Saudi Arabia may have timed its move cleverly.

Beyond the winter, on the other hand, the oil market forecaster's maps must contain the legend "here be monsters."



Sheikh Yamani

The Kingdom steps back into the fray

By Dominic Lawson

Saudi Arabia intends to maintain its new sales drive right through the first quarter of next year, at a time when demand for oil is expected to drop, and oil buyers traditionally destock. Which oil producer will move out of the road and allow the Saudis their place in the sun?

In a speech to a closed session of the OPEC-sponsored Oxford Energy Seminar a week ago Sheikh Ahmed Zaki Yamani, the Saudi Arabian oil minister confirmed that the Kingdom was for the first time embarking on sales of crude oil outside the OPEC pricing structure. He also warned that a price war, with a fall in the oil price to around $15 to $18 a barrel was on the cards for the first quarter of 1986 unless two conditions were fulfilled.

First, that OPEC itself maintained descipline. Second, that non-OPEC producers co-operated with the organisation, by which he meant they will have to cut back their own supplies. This condition seems most unlikely to be fulfilled.

On first reports of Sheikh Yamani's prognostications the price of Brent, the main North Sea crude, fell by 50c in a few minutes to $26.50 on the spot market. "The market was chaotic. Everyone made and lost fortunes in a day," recalls one oil trader.

All good business perhaps but what has dragged the Saudis down this unpromising path and what exactly are they attempting to do?

In a buyer's market, Saudi Arabia had by May become the only Opec member left rigidly adhering to Opec prices, while others discounted. If demand for Opec oil had continued to match the organisation's 16m barrels a day output ceiling and other Opec members had at least not cheated on their individual quotas then Saudi Arabia might have sold enough of what had become the world's dearest oil.

But in the summer months demand for Opec crude fell to about 14.5m bd—and naturally the Saudies took the strain.

The Saudis who had planned for a balanced budget this year, found themselves facing a drain on reserves of about $1.5bn a month. Even had the legalistic Sheikh Yamani wanted to hold to official prices and weather the storm, the pressure from the business community and the rest of the royal family on King Fahd had become overwhelming.

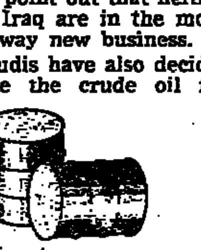
According to Mehdi Varzi, oil analyst at brokers Grieveson Grant "our 1986 forecast shows demand for Opec crude declining some 800,000 b/d to only 14.5m b/d. If the Saudis were to continue defending oil prices single handedly, their exports would drop to a trickle."

To stave off this prospect Saudi Arabia has now signed conrtcats with Exxon, Mobil and Texaco, three of its partners in the Arabian American Oil Company, under which the three oil majors will take about 820,000 b/d at "net back" values for the next six months, with an option to continue indefinitely.

Under "netback deals" the buyer is sold the oil at the price of the refined product on the open market minus the costs of refining and transportation. The companies involved have pledged to keep almost all oil within their own systems from tanker to forecourt. But the competitive advantage this gives them over their rivals could spell fiercer competition to attract consumers. Not for nothing is the "netback" method described as a recipe for a downward price spiral.

Already, non-Aramco customers for Saudi crude are beating a path to Sheikh Yamani's door, threatening to stop purchases of Saudi oil altogether, unless they are given similar favourable treatment. They will doubtless point out that neither Iran nor Iraq are in the mood to turn away new business.

The Saudis have also decided to invoice the crude oil fed



into their two new export refineries at netback prices, instead of at official prices. This will doubtless encourage Shell and Mobil, the two joint venturers in the refineries, to agree to push up the refineries' output from current levels of 200,000 b/d to their combined full capacity of 500,000 b/d.

Financial pressures on Saudi Arabia, meanwhile, are underlined by the kingdom's intention to meet about half the £3bn cost of buying Tornado and Hawk military aircraft from the UK with crude oil.

As recently as July Opec's ministerial executive council, chaired by Sheikh Yamani, said barter deals should be phased out because of the havoc they played with the oil price structure.

Barter deals are practised by other Opec members and much favoured by finance ministers who mistrust the oil production forecasts given by their colleagues in the oil ministry. The advantage is that they are a way of "guaranteeing future production."

The good news for the oil market is that the oil will not start coming on to the market until 1987, in line with the delivery of the first of the aircraft. It seems the Saudis are prepared to meet the initial 10-15 per cent down payment with letters of credit, rather than crude oil.

Last August the oil market was cratered when they dumped 35m barrels of oil with Boeing in only six months, in exchange for 10 of that company's 747 aircraft.

If Saudi Arabia was alone in pushing for a bigger share of the Opec cake, the problem would at least be clear cut. But at the forthcoming Opec ministerial meeting, in Vienna on October 3, Iraq will insist on a 500,000 b/d increase in its 1.2m b/d quota. This is tied to the start up of oil sales in October from the newly completed Iraqi link into the Saudi oil pipeline terminating at the Red Sea port of Yanbu.

Iraq is attempting to tie up sales contracts with Japanese customers at market related prices. If other Opec countries block the Iraqi demand, the tough military regime of Saddam Hussein will go ahead regardless.

Currently Saudi Arabia and Kuwait aid Iraqi's war effort with the revenues from 300,000 b/d of their own production. The two conservative Gulf states would like to terminate this aid, so bringing the Iraqis down to a net quota increase of about 200,000 b/d. But whether they have the nerve to outface Saddam Hussein is by no means clear.

Oil production will be narrowly within the 16m b/d predicted for fourth quarter world demand for Opec oil if the Saudis meet their target of producing 3.5m b/d, the Iraqis step up production to about 1.7m b/d in the fourth quarter, and other Opec members stay within their quota.

The crunch would come when demand falls next spring, as Sheikh Yamani has warned.

Of the major non Opec producers, Mexico and the Soviet Union are doing their utmost to maintain crude oil exports, while the less financially pressed North Sea producers have repeatedly told Opec representatives that production cutbacks are not on the agenda. They are well aware that the revenue hungry Nigerians, who produce almost identical crude to the North Sea, will happily take up any shortfall in the Atlantic Basin.

The Saudis belief that the crisis can be postponed until the spring is not universally held in the oil market. Some fear that Opec — and indeed the oil forecasting business generally — has consistently underestimated the ability of the oil industry to get by on previously unimaginably low stocks.

If stocks were to be drawn down still further, then the 16mbd fourth quarter demand for Opec oil banked on by the Saudi's may not materialise. And there is always the prospect of an unusually mild winter.

Heating oil stocks in the U.S. are down to 117m barrels, compared with the traditional pre-final quarter level of about 150m barrels. The result is that the spot market price of barrels of oil for prompt delivery is very firm. But the prices of barrels for delivery going into the main winter months are much weaker than normal at this time of year.

This means that buyers of oil believe prices will fall. The heating oil salesman in the U.S., even with his stocks at hand to mouth levels, will therefore do his utmost to hold back from purchases. As one oil executive points out "If the new Saudi oil comes into the market before the weather gets nasty, some other producers will have to move out of the fast lane. Otherwise there will be some very low prices."

Mr Jobs says goodbye to an American Dream

By Louise Kehoe in San Francisco

SEPARATING myth from reality has never been easy at Apple Computer, says John Sculley, the company's president.

The personal computer company founded by two college drop-outs who sold an old Volkswagen to raise money for parts has become a legend. Steven Jobs and Stephen Wozniak were both worth hundreds of millions of dollars when Apple Computer went public in 1980 and neither was aged over 25.

Apple Computer has been heralded as the modern version of the American Dream, the embodiment of corporate counter culture, the computer age tale of rags to riches. Carying such a larger-than-life image had, however, become a problem for the company.

This week, Apple Computer finally laid down its burden of fame. It parted ways with the second of its founders, Steve Jobs, the chairman. For Apple, it was a relief. For the rest of the world, it was the end of an era, a sad finale to the story that John Sculley has described as a real life soap opera, but which many others read as a fairy tale.

Apple created and dominated the personal computer industry for five years until IBM entered the market in 1981 and quickly captured the largest share. Apple is still the second largest vendor of personal computers, but it has never made serious inroads into the corporate market. Large companies preferred the solid, reliable and conservative image of IBM to the youthful flamboyance of Apple.

Its undoubted strength is still in selling to American homes and schools.

For Apple, the realities were often different from the public image. Apple represented itself as a youthful, innovative company that did not concern itself with the conventions of big business. That much was true. Beneath the surface, however, it was often torn by internal rivalries, and damaged by a lack of focus.

Steve Jobs personified Apple's best and worst characteristics. He represented the youthful enthusiaism, spirited independence and creative vision that is Apple Computer. At the same time, however, he is an egotist, lacks maturity and is extremely self-centred.

Mr Jobs celebrated his 30th birthday this year, but his appearance (and sometimes his behaviour) make him seem younger. He is a striking young man with piercing dark eyes that accentuate his intensity. Self-confident to a fault, Mr Jobs cannot be dismissed quickly as immature. He has impressed many people from the venture capitalists who agreed to back him — despite the lack of a formal business plan or any evidence of business acumen—to the seasoned business manager who became his mentor and close friend, John Sculley.

"Sculley feels sort of sorry about swallowing a lot of Jobs' bullshit, because he's so eloquent about speaking it. Sculley started saying exactly the same things as Jobs for the past year because Jobs always came with words that would grab you," says Stephen Wozniak.

Spirited independence and a creative vision

Disarmingly casual, Mr Jobs' "office" at Apple would not satisfy most chairmen of billion-dollar companies. A small, messy room adjacent to the lobby of the Apple "Mac Building," it was not designed to impress. Mr Jobs' shiny motorbike, parked inside the central communal area did, however, make a statement, as did the grand piano — a gift to fellow-workers — and the elaborate stereo hidden somewhat by the table tennis table.

Workers describe Mr Jobs as "difficult." One wrote a four-page memo complaining about the problem of working "with or for Steve Jobs:

"While his stated positions on management techniques are all quite noble and worthy, in practice he is a dreadful manager. It is an unfortunate case of mouthing the right ideas but not believing in or executing them when it comes time to do something . . . he regularly misses appointments . . .

He does not give credit where due . . . he also has favourites who can do no wrong—and others who can do no right

He is a prime example of a manager who takes the credit for his optimistic schedules and then blames the workers when deadlines are not met."

Mr Jobs' eccentricities range from the curious to the bizarre. Apple Computer got its name from Mr Jobs' infatuation with a vegetarian diet that eliminated all mucus. Even recently, Apple visitors were offered unusual health drinks rather than coffee or tea. At the other end of scale, Mr Jobs insisted upon holding an exorcism ceremony when the Apple II division vacated its original building last year.

The latter incident was related to Mr Jobs' disdain for that division, which he seemed to regard as a competitor. He tried three times to create a successor to Apple's original Apple II.

The Apple III, the Lisa and then the Macintosh were each supposed to ensure Apple's future when the popularity of the Apple II ran out. Ironically, the Apple II is still among the best selling personal computers. The Apple III is dead. Lisa has been a total failure and the future of the Macintosh is in doubt.

Mr Job's final downfall at Apple was related to the disappointing sales of the "Macintosh" computer that he had championed as Apple's saviour.

For Steve Jobs and Apple Computer, the entrepreneurial dream came to an end late this week when he tendered his resignation as chairman of Apple amid reports that the company was about to demand it. He plans to form a company making educational computers—competing with the heart of Apple Computers' business, and he claims to have hired five of Apple's employees to join him. Apple's managers are left with little option but to accept Mr Jobs' resignation while they consider whether to bring legal action against him.

Letters to the Editor

Wages and output

From Mr S. Bronkhurst

Sir,—The question of wage settlement affecting the economy once more raises its ugly head.

Forgetting politics, surely the whole matter is really a very simple question of logic.

If a man earns £100 and produces 100 pieces it is far, far worse for us all than if he earns £200 and produces 300 pieces.

The trouble for years, of course, has been that our overseas competitors have earned £250 and produced 500 pieces.

It is all as simple as that. The trouble is that nobody has a solution.

Simon Bronkhurst.
Old Timbers,
The Pound,
Cookham, Berks.

Investment needed

From Mr H. Dykes MP

Sir,—The reports of the latest NEDO study on UK industrial performance make chilling reading for all but the most ardent and myopic monetarists.

After all the agonies of the monetarist experiment in recent years, real aggregate output for the whole of UK industry is a mere two per cent ahead of 1979, for manufacturing industry is still actually lower in real terms; large chunks of the heavy sector remain demolished for ever; and Britain remains in a frightening relative decline.

In terms of net new capital formation in both the public and private sectors the UK is still the most seriously under-investing leading advanced country in the world, building up new assets at less than half the net rate of Japan which itself is already a "giant" economy as a result of years of the same re-investment policy pursued on a relentless basis.

There must be many reasons of course for the unsuccessful economic policies pursued here in recent years, but prolonged under-investment must be the principal one.

Only a national recovery programme can reverse this trend — and that will take some years to set in motion, led as it must be by decisions in Government and the public sector, on massive investment in new public and private assets.

Hugh Dykes.
House of Commons, SW1.

High land prices

From Mr D. Redfearn

Sir,—It is astounding to read your Construction Correspondent's report (September 14) that Sir George Young, the Environment Under-Secretary, has washed his hands of the high land prices that are causing concern both to builders and unfortunate housebuyers. "They pay the prices, not us," he says, as if they had a choice! In one sense, though, what he says is true: the British public pays the price for everything the Government either does or fails to do.

In this instance, the failure is to take note of repeated warnings that, by not taxing land values, as is done to some extent in other parts of the English-speaking world, it gives a free rein to land speculation on a scale that makes the price of real property in this country a marvel to Commonwealth visitors.

Now is the time, not to abolish our rating system, as the Government proposes to do (with the approval of Sir George?), but to bring it into line with more enlightened practice elsewhere.

David S. Redfearn.
15 Fennell's Close,
Eastbourne, Hants.

County Court defects

From Mr R. Wright

Sir,—Recent comments in your columns on the difficulties encountered by creditors in recovering trade debts by way of legal proceedings should be no surprise to anybody. For many years the County Court, through which most such proceedings are issued, has been a debtors court. That is a reflection of the view which prevailed in the 1970s that commercial concerns who extended credit and encountered difficulty in recovering the same had nobody to blame but themselves. They should have taken greater care, as the present Lord Chancellor has maintained on a number of occasions, before extending such credit. Regrettably that view still seems to prevail today in the Lord Chancellor's department.

Solicitors have computerised their collection procedures. Some so that they can communicate computer to computer with their clients but however good their systems they cannot do better than the legal process allows.

The County Court suffers from a number of serious defects: poor enforcement of judgements; difficulty in obtaining summary judgement when there is no real defence; the ability of debtors to make absurdly low repayment proposals; and the inability to obtain interest on County Court judgements.

In relation to the first defect representations have been made on numerous occasions to the Lord Chancellor's department for an improvement in the service provided by County Court bailiffs, but the only response of the Lord Chancellor is to reduce the number of such bailiffs. A working party set up by the Law Society has recently repeated these representations but to date they have fallen on deaf ears.

So far as the second defect is concerned the situation is certainly better than it was in the 1970s in that it is now possible to issue proceedings for summary judgement where a debt is for £500 or more. It is still however more difficult to obtain such a judgment in the County Court than it is in the High Court.

So far as the last defect is concerned despite the fact that Parliament some three years ago passed legislation to enable County Court judgment creditors to have interest on their judgement debts, for some unknown reason the Lord Chancellor declines to provide the necessary machinery. The present jurisdiction of the County Court is £5,000. A creditor issuing in the County Court surrenders what can be a very considerable amount of interest between the date of judgement and the date of payment which in High Court proceedings he would obtain.

The Lord Chancellor in failing to deal with these defects does creditors who are justly due their debts, a grave disservice.

R. W. Wright,
Wm. F. Prior & Co.
23-28 Fleet Street, EC4.

Heliports in London

From Mr A. Gordon

Sir,—I strongly agree with Mr Stebbings (September 18) and his protest about helicopter noise nuisance. I would only like to add that the nuisance would be bad enough if prescribed flight lanes were kept to. As it is, there is apparently no control at all of helicopter traffic over London. I live about two miles away from the nearest route, and over-flights occur several times a day. Complaints to the Civil Aviation Authority must give registration numbers. The registration number of a helicopter cannot be seen from below; so I have given up complaining.

Alec Gordon,
79, Medfield Street, SW15.

Selling life assurance

From Mr D. Wallace

Sir,—How refreshing to read Mr Stuart's letter (September 17). While the industry scurries around deciding how best to disguise commission payments e.g. whether to express them as percentages above a certain figure rather than display them in £s, he has identified the real problem. Referring to the current method of paying commissions he said "the present system is a rotten one and moves afoot to improve it are cosmetic..." he went on to suggest that what was required was a "radical overhaul of the way commission is paid" and we would like to endorse what he has written.

The White Paper on financial services has given the life assurance industry a wonderful opportunity to put its house in order and, sadly, if any of the proposals put forward by various parties are accepted the public will find they have simply been on the receiving end of another piece of slight of hand.

Neither self regulation nor legislation would be necessary if a serious attempt was made to attack the underlying problem. The present system pays almost all of the commission at the point of sale and if this was replaced by the payment of a smaller commission spread over the term of the contract the incentive to oversell would cease to exist. As things stand at present the intermediary is encouraged to concentrate on volume business at the expense of offering sound advice and a good after sales service. As Mr Stuart pointed out the system of paying smaller amounts spread over the policy term has worked for many years with general insurance business and there is absolutely no reason why it should not be extended to the life assurance industry.

The problem of course in changing the system is a familiar one in that many of those with the "muscle" to affect the outcome of the discussions have a vested interest in seeing that the status quo is maintained. Much discussion followed by a little window dressing will inevitably leave things as they are and the public will still be faced with the dishonest salesman, who has every incentive to grab as much as he can and leave some-one else to sort out the problems.

Much of the present discussion centres around the vexed question of disclosure of commissions; if the system was changed disclosure would no longer be a problem, there would be nothing to fear, and within a few years many of the get rich quick merchants would have left the industry for richer pickings elsewhere.

The insurance companies will do what they can to see that the present system is maintained and the odds are they will succeed unless pressure can be put on them. We would like to see intermediaries who favour the system of smaller annual commission payments get together and, through a joint marketing effort, make the public aware just exactly how the present system acts against their interests. In other words, if the majority of the industry decides out of self interest to continue to disguise what is actually happening those who have the consumers interest at heart as well as their own should come together and "educate" the public. Given the choice it is not difficult to predict to whom the public will turn for advice and eventually as companies and agents who have retained the existing system lose their market share they will be forced to adapt.

David G. Wallace.
Portfolio & Pension Management,
5, La Belle Place,
Glasgow.

Safety in aircraft

From Mr C. Boyce,

Sir,—I am amazed that the results of a survey of the business community (September 12) shows that quality of cabin staff is rated more important than safety.

In view of the recent spate of aviation accidents, business travellers, representing by far the largest section of the airlines' revenue, now more than ever should be exerting pressure on Governments and airlines to make saftey their first priority.

A national airline recently justified the removal of No. 3 exit door from its 747s by the fact they carry fewer passengers than catered for by the original design and goes on to point out the resulting advantages, of better galleys, lavatories and seat pitch.

The Titanic disaster proved the danger of commerical factors over-riding saftey — with enough lifeboats no passengers would have been lost. Frankly I would rather have the extra exit.

Colin P. Boyce.
133-137, Whitechapel High Street, E1.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	7.00	8.00	8.75/9.25/9.50 Five Star account—instant access/no penalty 9.50 Higher interest account 90 days' notice or charge 5.50/8.57 Cheque-Save 9.06/9.50 "City" Cheque-Save
Aid to Thrift	*10.20	—	— * Easy withdrawal, no penalty
Alliance	7.00	8.00	8.75 BankSave. Balance of £2,500. Current account. Balance under £2,500, 7.75. Minimum initial investment £500 8.60 Gold account. Minimum investment £500. Imm. withdl. 9.75 Premier ½-yearly/monthly min. £1,000. Imm. wdl. (pen.)
Anglia	7.00	8.00	8.75 Instant gold. Annual interest. No notice or penalty 9.50 3-year bd. 90 days' not./pen. Differential 2.5 guaranteed 9.75 Capital plus £10,000+. Annual int. 60 days' not./pen.
Barnsley	8.25	10.00	10.75 2-year term share—£1,000+—3 months' notice 10.10 Special invest. (28 days' notice) 10.10 monthly inc. a/c
Bradford and Bingley	7.00	8.00	9.50 No notice no penalty on up to 2 withdrawals per annum 9.75 3 months' notice without penalty
Bristol and West	7.00	8.00	8.76 Plus account £1,000+. No notice. No penalty 9.50 £20,000+, 9.10 £5,000+, 8.80 £1,000+ 7-day notice Triple Bonus. Also monthly income 9.76 Special 3-month account, £5,000+, 3 months' notice
Britannia	7.00	8.00	9.75 60 days' notice
Cardiff	9.75	9.85	10.80 90 days' notice or penalty if balance under £10,000
Catholic	7.30	8.30	10.00 £2,000+ Jubilee Bond. Monthly income. 90 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	7.00	8.00	9.85 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.00	9.50 Gold. No notice, no penalties. £20,000+, 9.50. £500-£19,999, 9.00. Under £500, 7.00
Citizens Regency	7.0	—	8.75 7 days, 9.10 1 month, 9.25 2 months, 9.80 3 months
City of London (The)	7.25	8.75	9.60 3 months' notice—no penalty—monthly income 9.20 7 days' notice, immed. access for amounts over £2,000
Coventry	7.00	8.25	9.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential 9.50 Moneymaker £20,000+, 9.25 £5,000+, 9.00 £1,000+, instant access no penalty, monthly income option
Derbyshire	7.00	8.25	9.75 3 months' notice. Up to 9.50 no not./pen. monthly int.
Frome Selwood	7.00	10.50	10.50 Gold Minor account for 0-18-year-olds
Gateway	7.00	8.00	9.50 Gold Star £20,000+. No notice. No penalties. 9.25 £5,000+, 8.75 £1,000+
Greenwich	7.00	—	9.55 60-day account (no notice account 8.50-9.00)
Guardian	8.50	—	10.85 6 months' not. £1,000 min. Access to balance £10,000+
Halifax	8.25	9.25	7.00 Card cash (bal. below £2,000. 9.00 bal. £2,000+) 8.75 Instant extra. No notice penalty (£500 min). 9.50 90 day extra. 90 days' notice, no penalty (£500 min)
Heart of England	7.00	8.25	9.80 and 9.55 High interest. 8.50 Gold Key
Hemel Hempstead	7.00	8.50	10.00 90 days, 9.00 60 days, 8.75 28 days
Hendon	8.00	—	9.00 7-day account. Minimum £500 3 month 9.75
Hinckley and Rugby	7.00	9.80	10.00 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	8.65 7-day a/c, 9.60 Magnum a/c 6 weeks + loss of interest
Leamington Spa	7.10	—	8.75 Spa income monthly no notice/penalty £5,000 minimum 9.50 High flyer—no notice/no penalty £20,000 minimum 9.25 High flyer £5,000 minimum. 9.00 £500 minimum 10.15 Super share no not., 14 days' penalty £20,000 minimum 9.85 Super share £5,000 minimum, 9.25 £2,000 minimum
Leeds and Holbeck	7.00	8.75	9.75 Monthly interest. 9.00 28 days' notice, 9.55 90 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	7.00	8.00	9.50 HRAS 3 months' notice, 9.00 Liquid Gold no penalty, no notice
Leicester	7.00	8.00	8.42 £500+ immed. wdl. no pen., 9.50 £5,000 min. 1 year, 9.00 £500+ minimum 1 year
London Permanent	7.75	—	10.00 60 days' notice or imm. wdl. no penalty if bal. £7,500+
Midshires	7.00	—	9.75 Prestige £500. 2.75 gtd. 3 yrs. 3 months' notice/penalty monthly income £1,000
Mornington	9.10	—	9.10 £2K, 9.25 £2K+, 9.35 £10K+, 9.50 £20K+
National Counties	‡7.30	8.55	9.80 90 days' notice, no penalty £10,000+. ‡ £1,000
National and Provincial	7.00	8.00	9.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty 9.50 Special share 60-day notice/penalty unless £10,000+ 9.25 Money man. £10,000+ No notice, no penalty
Nationwide	7.00	—	9.00 flexAccount £2,000+, 7.25 £25-£1,999 9.50 Bonus Builder £10,000+, 9.25 £5,000+, 9.00 £2,000+, 9.50 8.75 £500+, 8.00 £100+ no notice, no penalty 9.50 Capital Bonds 3 yrs. 2.5 gtd. diff. 90 days' not./pen.
Newcastle	7.00	8.25	9.50 Two-year term. 9.00 28 days' notice. 8.75 7 days' notice. On demand by arrangement
Northern Rock	7.00	8.25	9.50 Moneyspinner plus £20,000 or more, instant access 9.00 Moneyspinner plus £10,000 or more, instant access 8.75 Moneyspinner plus £5,000 or more, instant access 8.50 Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	9.80 7-day share/monthly income option 10.00 on £10,000+
Peckham	8.90	—	9.90/10.40 Immediate withdwl. if over £2,000. Monthly income
Peterborough	7.00	8.30	10.00 Double guarantee. 3% diff. gtd. 90-day monthly interest
Portman	7.00	9.25	9.90 Gold seal. Min. £1,000. 1-yr. term then 3 months' notice 9.00 Flexi-plus. Minimum £500 no notice immediate withdwl.
Portsmouth	7.15	8.65	10.00 3-year, 9.80 90-day, 9.15 30-day, 8.70 7-day
Property Owners	7.50	9.00	10.00 2 year, 9.50 £10,000+, 9.30 3 mths. 8.85 immediate acc.
Scarborough	7.00	8.25	9.20 Over 55s no pens. M.1. min. £10,000 9.20 no not./pen.
Skipton	7.00	8.25	9.60 Sovereign £10,000+. 9.10 £500-£9,999 monthly income, 9.10 minimum investment £2,500 instant access/no pen.
Stroud	7.00	8.25	10.25 2 years, 10.00 90 days, 9.50 28 days' notice
Sussex County	7.00	8.50	9.50 90-day, 9.25 monthly income, 8.75 30-day, 8.50 7-day
Thrift	9.20	—	10.20 3-year term. Other accounts available
Town and Country	7.00	—	9.75 2-year term £10,000+, 9.50 £500-£9,999 wdrwl. available 9.80-5.75 Moneywise cheque/Visa. Interest varies with bal. 9.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	9.10	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	8.75 Prime—no notice, no penalty, minimum £500 9.50 Capital, 90 days' notice/penalty
Yorkshire	7.00	8.00	8.90 Dia key, £10,000+ wdl. no pen. —£10,000 28 d. nt./pn. 8.80 Plat. key £10,000+ wdl. no pen. —£10,000 60 d. nt./pn.

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

Blundell dives £0.77m into red

FOLLOWING a further deterioration in trading conditions, Blundell - Permoglaze Holdings, paint manufacturer, dived into the red in the eight months to June 30, 1985, and the company warns of an overall loss for the full 14 months period.

The interim pre-tax loss was £770,094, struck after an exceptional charge of £228,251 for redundancies. This compares with a £406,715 profit for the six months to April 30, 1984.

There is no interim dividend (2.3p net last time). The company says a recommendation for 1985 will be considered in April in the light of the results for the 14 months to December, and the then prevailing prospects for 1986.

In the year ended October 31, 1984, the company made a taxable profit of £1.24m, following pre-tax results of £2m in each of the preceeding three years.

The company reports that steps are being taken to combat the difficult trading conditions. First, increases in UK selling prices will be implemented from October 1, 1985 and—in common with others in the industry—it will be necessary to consider a further increase early in 1986.

A cost review has led to a total of some 60 employees becoming redundant. The company estimates that the annualised effect of the action taken will be a £0.7m reduction in operating costs.

The company explains that for some time, margins in the UK paint industry generally have been under pressure, due to competitive pricing as a result of over capacity. A substantial factor in the over capacity has been the sharp decline over the last few years in the public sector market.

The position has been further aggravated more recently by sharply rising raw material prices, in particular that of Blundell's major raw material, titanium dioxide. Selling prices for building paints were increased in April, but proved to be insufficient to hold margins.

The company believes that the combination of price increases and cost reduction should result in a return to profitability in 1986. But with further restructuring costs to be accounted for in the second half and a continuation of the current highly competitive market situation, a loss is forecast for the 14 months to December.

The extended accounting period is adversely affected by the inclusion of two Novembers and Decembers—traditionally poor trading months, the company points out.

Turnover for the eight-month interim period was £21.96m (£17.16m). There was a tax credit of £138,000 (£130,000 charge) and after minorities, attributable loss emerged at £468,553 (£335,273 profit). Stated deficit per 25p share was 6p (4.3p earnings).

Shareholders' funds remain virtually unchanged at £11.97m (£1.53 per share), against £12.08m (£1.55 per share) at October 31, 1984, with the surplus arising on consolidation of Hamilton Star largely offsetting the attributable loss for the period.

Exports of decorative paint remained buoyant and made a significant contribution to interim results, the company states. Hamiltons, acquired in March, showed a satisfactory profit for the four months for which it was included.

The Republic of Ireland company again showed a loss similar to last year, despite a review of its organisation which led to some redundancies.

Contilack, the German subsidiary, proved a disappointment, returning a loss against a profit in the first six months last year. Sales were much below budget, in part due to very adverse weather conditions and to no revival in West German building activity.

● **comment**

Blundell-Permoglaze's shares fell 19p to 90p yesterday in the wake of some dreadful eight-month figures which cast a long shadow over dividend prospects for the extended 14-month "year." In fact, Blundell's core problems are not new to the market but the severity of the damage was far worse than anticipated. Raw material prices have risen by around 8 per cent since January, though a more telling number is the 36 per cent increase in the cost of titanium dioxide over the last 18 months. But because the end market has been so weak, instead of increasing selling prices, Blundell, like others in the sector, has been cutting prices to hold on to sales. It may not have been so suicidal as others but the obviously vicious circle has inevitable consequences. Blundell is now pushing through a 6 to 7 per cent price rise and a similar increase will be needed early next year. Even so the second half of the year, taking in the quiet months of November and December, is unlikely to be far above break-even. Profits are hoped for in 1986. With the price at a 40 per cent discount to asset value the company is obviously vulnerable to a bid and perhaps a position within a much larger group would suit it better in today's cut-throat market. But whether on bid hopes or expectation of a recovery, the shares have found a floor at 90p.

St Regis sells stake in APV

THE LONG-STANDING relationship between APV Holdings and the St Regis Paper Company (Canada) has now formally ended following the sale yesterday of St Regis' 17 per cent stake in the company for about £13m.

Ever since St Regis was bought by Champion International of the U.S. for $1.8bn at the end of last year assets outside the mainstream pulp and paper activities have been disposed of. St Regis International, the UK paper and packaging arm, has been bought by its management.

The link between St Regis and APV, a manufacturer of industrial processing and heat-transfer equipment, began in 1973 when APV bought a St Regis subsidiary for cash and shares

Two years ago, the stake was reduced to 17 per cent (5.25m shares) and yesterday that holding was placed, mainly with institutional shareholders, at about a 5 per cent discount to yesterday's starting price of 270p. The share price fell 12p yesterday to close at 258p.

BSR Far East marketing link

BY DAVID GOODHART

BSR International, manufacturer of electronic components, yeserday reported an extensive marketing and financial link with an Australian company, Energy Research Group, which includes BSR taking a 3.75 per cent stake in it.

ERG will be forming a new marketing company in Hong Kong to promote the sale of BSR's electronic signalling and display systems throughout the world. BSR in Hong Kong will take a 20 per cent stake in the marketing company for A$2m (£1.02m).

BSR's wholly-owned subsidiary in Hong Kong, Astec Intl, will also enter into an exclusive world-wide development and manufacture agreement with the marketing company. Astec will be committed to developing a full range of electronic display signals by the end of 1986.

All new products to be developed and patented by Astec will be made available to the marketing company in return for a royalty of two per cent.

Mr Frank Brown, the UK managing director ofg BSR, said yesterday that there has been a close working relationship between the companies for some time.

BSR's share price remained unmoved on 60p.

Security Centres picks up

BY CHARLES BATCHELOR

Security Centres Holdings, currently the subject of a £22m agreed takeover bid from Automated Security (Holdings), expects a sharp recovery in pre-tax profits this year to more than £2m, compared with only £530,000 last time.

Security Centres said this would result from the rationalisation programme, particularly in the UK alarms division. Profits plummeted last year from £4.5m in 1983-84.

A takeover by ASH would trigger an additional payment, totalling £1.5m, from Security Centres for DSL, the defence and security consultancy acquired last November. ASH has acceptances from the holders of 31.53 per cent of the shares, which together with the 4.78 per cent stake it already owns take its total interest to 36.31 per cent.

ASH is offering nine share for every 10 of Security Centres, an increase on the original bid of five shares for six.

With ASH's share price unchanged at 153p yesterday, the offer values each Security Centres' share at 137.7p and the company at £21.9m. Security Centres' shares were unchanged at 133p yesterday.

Caledonian chief in share buy-out

Mr Robin Clark, chairman of Caledonian Cinemas, the profitable cinema and bingo hall operator, yesterday offered £24 a share to buy-out the shareholders owning the remaining 16 per cent of the company.

The shares rose £6 on the day to close at £23.

Mnemos' problems again hit Comtech

FURTHER LOSSES have been incurred at Combined Technologies Corporation, which again mainly reflected slow progress at its Bermuda-based subsidiary, Mnemos.

The subsidiary's order input is running 2-3 months behind plan and, in addition to reducing operating expenses, the company is discussing additional financing with several investment groups and corporations.

Mnemos' problems have accounted for a large slice of Comtech's first quarter loss of £1.32m, against £1.96m, and its progress is described as "frustratingly slow" by the board.

On other fronts, Comtech earned a £813,000 profit, against £919,000 from its automotive business, despite lower margins, and reduced losses in new technology operations from £998,000 to £311,000 — other activities earned £56,000 (£49,000).

Comtech, which has a full listing, was formed as a subsidiary of Tricentrol and owns 57.29 per cent of Mnemos, which is engaged in information storage systems and has a separate USM quote.

Mnemos' turnover for the quarter was just $33,000 (£25,000), compared with an even lower $15,000, but its losses amounted to $1.78m ($2.02m), equal to 3.4c (4.3c) per share.

Comtech's turnover was up from £38.17m to £41.12m and excluding Mnemos it made an operating profit of £558,000, compared with £30,000 losses last time.

Most of the ground made on the new technology side was attributable to Plasmon where a £507,000 loss was turned into a £240,000 profit — Laserstore's losses were up from £47,000 (£491,000) while losses elsewhere were trimmed by £40,000 to £24,000.

There was no tax. After minority credits of £579,000 (£439,000), a £585,000 (£1.01m) gain from Mnemos share issues, exchange losses of £32,000 (nil) and losses of £508,000 (profit £350,000) from discontinued activities, the attributable loss was £695,000 (£67,000). Loss per share was 0.9p (0.1p).

Mr Tom Lossius has been appointed to Comtech's board. He was formerly a director of ICI (Europa) and of ICI Fibres. He remains on the board of Mnemos.

● **comment**

At yesterday's price of 11½p a share the market seems to have given up hope that any of Comtech's three high technology ventures will ever come good. The company's commercial activities can be relied upon to produce profits of about £2m a year (the contribution was slightly smaller this time because of the losses of Tritrade, now sold to Fergabrook) and therefore provide a floor to the share price that cannot be much below the current level. From its technology businesses, the latest results contained one piece of good news and one piece of bad. The bad news was that Mnemos, which had seemed closest to becoming commercially viable, and had secured the partial backing of Sperry, has been making disappointing progress. By spring next year it will be in dire need of more money, and in the meantime is having to trim expenses. The bright spot was Pasmon, which after attracting $1m of equity finance from Kuraray, a Japanese chemicals company, this summer, now seems to have a further $2m of funds more or less in the bag. The hope must bee that with Kuraray's backing customers for Plasmon's optical disc will eventually be forthcoming.

Kent Hldgs. raises Bristol Post stake

Kent Holdings disclosed yesterday that it had lifted from 10 per cent to 15.56 per cent its stake in Bristol Evening Post, the newspaper publisher. Bristol shares rose 15p on the day, to close at 500p.

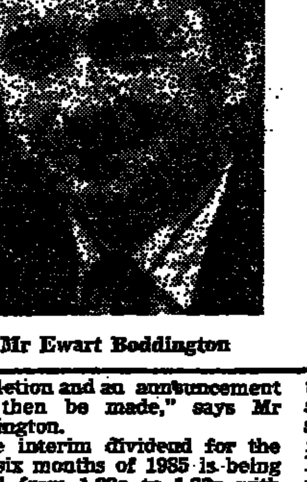
Kent Holdings is a vehicle of Mr Michael Kent, chairman of M. P. Kent, the property development group, until it was acquired by C. H. Beazer (Holdings) in November last year.

Bristol shares trade in a market, since Associated Newspapers, publisher of the Dail Mail, hold a 23.8 per cent stake, and the Harmsworth Pension Funds a further 6.1 per cent.

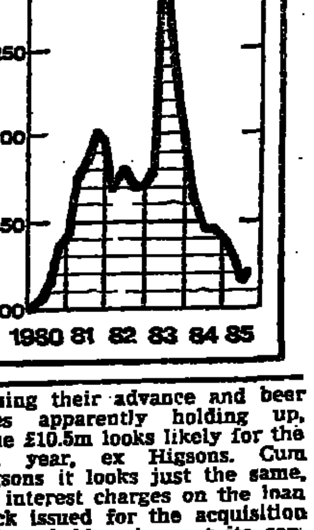
Murray Growth offers unconditional

The Merchant Navy Officers Pension Fund has declared unconditional its offer for the B ordinary and preference share capital of Murray Growth Trust under its successful £150m takeover bid for the Trust. The offer for Murray Growth's ordinary shares has already been declared unconditional.

Boddingtons up 14% and record year in prospects



Mr Ewart Boddington



Boddington's Breweries, which recently spent £26m acquiring its Merseyside rival, Higsons Brewery, has notched up an underlying 14 per cent increase in interim taxable profits from £4.16m to £4.72m.

Manchester-based Boddingtons achieved the rise on turnover up from £23.81m to £25.63m and without any contribution from Higsons and two other recent acquisitions, Whynot Wine Warehouses and Ogden Wade.

Strict cost controls have improved margins, says Mr Ewart Boddington, the chairman, who adds that draught lager—one of the few growth areas of the beer market — increased sales by nearly 10 per cent.

Retailing activities continued to increase their contribution with a 15 per cent profits rise as "we gained the benefits from our capital investment programme aimed at improving our pubs and building catering turnover," he says.

Boddingtons is poised to exceed the £9.46m record taxable profit achieved in the whole of 1984, excluding the contribution from Higsons, says Mr Boddington confidently.

In addition to 160 more outlets, Higsons has given Boddingtons the capacity to brew lager which, prior to the acquisition, represented only 11 per cent of sales compared with 39 per cent for brewers nationally—Mr G. L. Corlett, chairman and managing director of Higsons, has been appointed a non-executive director of Boddingtons.

"The company, including Higsons, is now of a size requiring a structure and organisation which brings the necessary focus to its separate operations for the achievement of long-term profit growth. Work on this is nearing completion and an announcement will then be made," says Mr Boddington.

The interim dividend for the first six months of 1985 is being raised from 1.23p to 1.33p with earnings per share, pre-extraordinary credits of £1.45m this time relating to property and investment disposals, up from 3.29p.
3.29p to 3.69p.

● **comment**

Boddingtons' share price has come up a long way since the early summer when the company offered what was widely regarded as a silly price for Higsons Brewery, and its success in producing profit margins a little better than expected had the shares up another 4p to 92p yesterday. With lager sales continuing their advance and beer sales apparently holding up, some £10.5m looks likely for the full year, ex Higsons. Cum Higsons it looks just the same, for interest charges on the loan stock issued for the acquisition will probably wipe out its contribution this year. After a 41 per cent tax charge the shares are on a prospective p/e ratio of 12—cheap for the sector, but blow the bid froth off some of the rival beers and Boddingtons starts to look more pricey. Higsons carries plenty of potential for profits growth both in the lager brewery and in its unsatisfactory margins, but no one pretends it is going to be realised overnight and the justification for the multiple lies in the medium term rather than the here and now.

LOFs gets support from banks

BY CHARLES BATCHELOR

London & Overseas Freighters, the ailing UK tanker company, has agreed with its bankers to reschedule $44m (£32m) of debt and to sell the largest of its three remaining vessels for $5m.

LOFs, however, is not seeking an immediate re-listing of its shares on the Stock Exchange but plans to wait until the formal signing of the agreement, which is expected to be in mid-October.

The shares were suspended at LOFs' own request on September 10 because talks had reached what was described as "a crucial stage." At the 2p suspension price it is valued at just £1.12m.

Mr Minas Kulukundis, deputy managing director, said yesterday: "It is a scheme which eases the company's cash flow burden considerably and enables us to continue to trade.

"This puts us in a position which allows us to trade out of our difficulties though we still depend on a further improvement of the market."

Part of the refinancing involves selling the 138,000 dwt tanker Overseas Argonaut to an unidentified buyer. The $5m sale price is $2.9m lower than the vessel's valuation in LOFs' accounts.

The sale leaves LOFs with two 61,000-dwt tankers, the London Spirit and the London Victory; both are engaged on voyage charters and LOFs expects no difficulty in keeping them in work.

The sale also follows hard on the heels of the $8.4m sale in July of two other vessels, the London Enterprise and the London Glory, which had a book value of $13.4m.

LOFs has been talking with its bankers about further financial aid since June, less than a year after raising £9m from a rights issue. It lost $9.24m in the year ended March 1985 following the $16.4m loss in 1983-84.

Scusa climbs to $26.6m

Scusa saw taxable earnings almost doubled on turnover up more than twice in the first half of 1985.

The U.S. security group, with a UK listing, saw turnover more than double to $26.62m (£19.57m) against $11.66m and pre-tax earnings rise by 89 per cent from $2.75m to $5.19m. From earnings per 1 cent share of 7.9c (6.6c), the interim payment was raised to 0.85c (0.7c).

The directors say that much has been achieved in improving the operating practices and standards of Holmes Protection, which was bought last year for $46m. There remains much to be done, however, as the costs of providing service to Holmes' subscribers is still higher than for Scusa customers.

They add that the programme to reduce as quickly as possible the impact of the unacceptably high loss rate experienced by Holmes in 1983 and 1984 has produced positive results.

This encouraging performance has allowed the company to strengthen the balance sheet further by reducing both bank borrowing and acquisition-related liabilities.

The start to the year has been excellent, directors say, and with the progress being maintained in the second half and major benefits yet to come they look forward to further improvements.

Operating profit came out at $6.84m ($3.37m) and the pre-tax figure was struck after interest charges of $1.65m (restated $1.22m). The tax charge was $340,000 ($120,000).

Until last year Scusa was a subsidiary of Security Centres (Holdings), whose stake was diluted to 32.67 per cent following the issue of sharee to finance the buying of Holmes. That remaining stake was sold earlier this year.

It has been announced that Mr James B. Packham, who joined the company in March this year as executive vice-president in charge of finance and administration will become chief executive on November 1.

● **comment**

While the New York police have apparently given up chasing burglars to concentrate on blacker criminals, U.S. security companies are flourishing. However, Scusa has more than the prevalence of American thieves to thank for its excellent first-half. The company has been quicker than could be reasonably expected to squeeze the wastage out of Holme's baggy cost structure, and is confident that within 12 months it can get gross marginsup to its own level of around 35 per cent. On top of that should come further cost advantages from merging the two operations which should provide benefits well into next year. Scusa has now halted the haemorrhage of Holme's customers, and recurring revenues are rising again. A 5 per cent increase in prices in July should help stretch profits for the full year to about $11.5m. After a tax charge of only 6 per cent (the company is able to write-off costs of recent acquisitions and is likely to pay almost no tax for the next two to three years) the shares are on a p/e of about 6½. Now that the 32 per cent Security Centres stake is in no overhanging the market, the City has no excuse to rate the shares so lowly at 94p.

Audiotronic hit by micros loss

By Nigel Clark

PROBLEMS in the business micro computer market and strong competition in supplying telephones contributed to severely deteriorating losses at Audiotronic Holdings.

On turnover for the year to March 1 1985 up from £4.08m to £10.55m, losses for the electronics goods distributor slumped from £108,000 to £1.25m. Action has since been taken to attempt to improve the situation including sales and closures. Of the figures, £6.96m related to turnover and £895,000 related to losses for the discontinued activities. Loss per 2½p share was 3.3p (0.4p).

"The actions mark a retrenchment for the company," said Mr Aziz Panni, managing director, yesterday. "We have decided on a reorganisation of the remaining business and there is still more to be done."

He refused to say whether the company would return to profits in the present year. The last profit reported was for 1976.

The computer hardware and software offshoot, Scan Data, had to be sold after the micro business got into trouble.

"The core business of providing computer systems was doing well, but the micro side declined rapidly and with the effort and money of trying to establish a name in the market we suffered cash problems," Mr Panni said.

The bank began pressing for the repayment of a loan and Scan Data had to be sold. It raised £1.2m and helped reduce borrowings from £1.9m to £600,000. The company had cost £2.23m when it had been bought a little more than a year earlier.

The Micro-Equipment Centre suffered from the tough competition in the provision of telephone equipment and a high bad debts provision, resulting from complaints about quality.

"It was too small and in too much trouble to do anything about," Mr Panni said. "The market for telephones is a nightmare; it is unbelievably competitive with suppliers trying to deal direct with our customers. It was awful."

That was closed, as was Audiotronic Systems, a direct selling organisation which Mr Panni said would have been too expensive to build up.

The remaining businesses are in telephone systems and public address equipment.

Unitech warns of profit shortfall at half year

Unitech, an electronic components' distributor, warned yesterday that it results for August were below expectations and, if this pattern continued into the second quarter, its half year profits might well fall short of those for the same period of last year.

The company, which made pre-tax profits of £7.04m in the first six months of 1984-85, told its annual general meeting that it anticipated an improving trend in the second half, but it was still too early to predict the outcome for the year.

It singled out the components marketing division in particular as below expectations in August.

The company's shares closed last night at 203p, down 20p

The AGM was also told Unitech had acquired a 22.5 per cent stake in Metrologie Internationale, a group of four companies said to be leaders in France in the distribution and servicing of small board computers, microprocessor based systems, terminals and peripherals.

Unitech is paying FFr 44.8m (£3.8m) — FFr 12m for shares from existing holders and FFr 32.8 for new shares issued in return for an injection of fresh capital.

Metrologie had 1984 consolidated sales of FFr 476m and pre-tax profits of FFr 11.1m, while unaudited figures for the first six months of this year show sales of FFr 276.8m and profits of FFr 10.6m.

The deal will allow Unitech to take part in the French distribution market, the one major European market where it currently has no distribution activities.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Boddington's	int	1.33	Oct 24	1.23	—	3.85
Falcon Industries	int	0.5	Nov 2	1	—	2
Northern Inds		8.6	—	7	13.6	10
Scusa	int	0.85§	Dec 17	0.7	—	1.8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ U.S. cents throughout.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Sept 20 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thur Sept 19 Index No.	Wed Sept 18 Index No.	Tues Sept 17 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (206)	522.14	−0.3	11.00	4.32	11.39	11.81	523.97	519.91	520.07	524.37	577.15	22/1	489.30	25/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	549.50	−0.1	11.93	4.85	10.42	13.04	550.30	546.54	545.08	462.11	562.86	2/9	472.11	26/2	562.86	2/9/85	44.27	11/12/74
3	Contracting, Construction (29)	825.73	+0.1	12.32	5.04	10.32	20.76	824.87	822.79	818.21	669.84	838.68	3/9	684.17	8/3	838.68	3/9/85	71.48	2/12/74
4	Electricals (14)	1458.29	−0.2	10.60	5.08	12.08	35.52	1461.21	1452.30	1459.27	1546.62	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (38)	1299.69	−1.6	11.70	3.47	11.28	30.05	1320.59	1312.33	1314.75	1927.32	1977.60	9/1	1260.78	3/7	2049.85	13/11/84	1260.78	3/7/85
6	Mechanical Engineering (62)	304.92	+0.2	10.98	4.65	11.04	7.55	304.25	301.44	301.14	258.98	316.14	13/5	263.85	25/7	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	205.21	+0.8	12.77	7.76	9.72	5.75	203.61	202.48	203.90	188.60	211.64	30/8	165.08	14/1	211.64	30/8/85	49.65	6/1/75
9	Motors (16)	173.73	—	13.08	4.89	9.29	4.02	173.81	173.93	173.22	129.54	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (18)	963.66	+0.3	7.75	3.73	15.44	15.81	960.48	945.95	950.03	698.35	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (176)	688.19	—	9.20	3.84	13.61	13.25	688.31	685.73	683.58	532.65	707.40	6/9	604.96	3/1	707.40	6/9/85	61.41	13/12/74
22	Brewers and Distillers (23)	704.40	−0.2	9.80	4.10	12.88	13.84	705.92	706.72	708.17	501.78	733.65	6/9	550.86	3/1	733.65	6/9/85	69.47	13/12/74
25	Food Manufacturing (21)	496.20	−0.3	11.99	4.94	10.76	13.61	497.74	498.91	497.12	411.84	513.86	12/3	471.62	25/7	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)	1638.59	+0.5	5.95	2.56	22.74	22.67	1631.15	1621.66	1624.55	1251.55	1662.70	5/6	1400.36	1/3	1662.70	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	1064.99	−0.5	6.52	2.81	18.02	11.95	1070.75	1062.01	1071.29	930.99	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (22)	677.08	—	8.35	4.89	15.66	22.96	677.19	671.92	672.11	592.21	719.49	22/1	590.69	12/7	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1900.13	+0.3	7.62	4.41	16.86	38.80	1893.78	1886.12	1888.29	1301.29	1908.13	6/9	1445.15	3/1	1908.13	6/9/85	55.08	6/1/75
33	Packaging and Paper (14)	363.13	−0.8	9.77	4.13	12.28	7.49	366.00	363.38	364.86	241.72	377.13	9/9	286.36	3/1	377.13	9/9/85	43.46	6/1/75
34	Stores (42)	699.00	+0.2	7.27	3.06	18.61	9.86	697.48	693.41	697.81	452.65	702.31	16/9	529.47	19/2	702.31	16/9/85	52.63	6/1/75
35	Textiles (16)	328.41	−0.1	13.15	5.09	8.63	8.08	328.75	326.08	328.73	274.10	348.58	9/9	293.07	3/1	348.58	9/9/85	62.66	11/12/74
36	Tobaccos (3)	747.91	+0.6	18.03	6.01	6.32	21.66	743.15	743.45	753.63	746.95	1010.69	8/2	743.15	19/9	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (101)	691.32	−1.0	9.22	4.13	14.04	15.03	697.99	687.08	690.46	479.88	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (19)	663.93	−1.3	14.79	5.73	8.94	25.17	672.88	670.98	675.42	633.21	832.26	22/2	657.14	25/7	832.26	22/2/85	71.28	1/12/74
44	Office Equipment (4)	203.07	−1.1	7.87	4.31	15.16	5.79	205.34	202.20	198.29	149.34	207.34	23/8	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1198.79	−0.2	7.84	4.49	15.78	36.20	1200.84	1183.73	1197.43	881.41	1232.64	4/9	958.08	3/1	1232.64	4/9/85	90.80	29/6/62
46	Miscellaneous (64)	845.55	+0.4	7.63	3.84	16.08	15.19	842.48	843.25	844.22	670.54	899.77	3/6	787.88	26/7	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (2)	908.37	−1.7	8.18	3.57	16.30	14.38	924.39	895.13	901.54	0.00	935.70	30/8	701.92	3/1	935.70	30/8/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	652.45	−0.4	9.64	4.03	13.10	13.53	654.75	649.55	651.76	527.93	666.95	4/6	599.75	3/1	666.95	4/6/85	59.01	13/12/74
51	Oils (17)	1129.51	−0.9	16.72	7.75	7.33	59.64	1139.31	1131.80	1114.06	1144.48	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	692.76	−0.4	10.54	4.51	11.91	17.22	695.65	690.25	690.91	579.64	710.76	2/9	636.98	3/1	710.76	2/9/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	477.94	−0.2	—	5.06	—	13.25	478.80	474.44	472.96	387.73	490.51	21/8	430.10	4/1	490.51	21/8/85	55.88	13/12/74
62	Banks (6)	467.04	−0.7	19.18	6.34	7.45	19.80	470.13	465.74	467.70	377.59	503.51	8/7	420.58	15/4	503.51	8/7/85	62.44	12/12/74
65	Insurance (Life) (9)	741.35	−0.1	—	4.56	—	16.03	742.26	733.64	730.95	512.12	770.78	11/6	580.95	4/1	770.78	11/6/85	44.88	2/1/75
66	Insurance (Composite) (7)	362.99	−0.4	—	5.43	—	8.58	364.59	358.01	356.35	277.38	384.33	15/8	303.16	25/2	384.33	15/8/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1112.37	−0.2	7.50	3.85	17.84	25.71	1115.01	1115.22	1105.11	842.92	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	240.14	+0.1	—	4.70	—	5.80	239.94	240.81	235.59	211.48	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	662.26	+0.5	5.67	3.65	23.69	11.44	659.14	651.16	650.60	594.28	664.94	15/8	585.78	10/7	664.94	15/8/85	56.01	20/4/65
70	Other Financial (25)	279.17	—	10.55	5.90	11.66	9.77	279.15	277.54	277.72	252.11	296.92	6/2	261.32	26/7	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (106)	591.21	+0.2	—	3.55	—	11.58	590.26	588.80	592.14	533.83	635.62	7/3	557.78	31/7	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	253.51	−0.4	12.81	6.04	9.06	5.36	254.59	256.21	260.25	271.04	311.08	15/4	240.20	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	584.36	−1.1	12.82	6.82	9.35	23.86	590.68	592.13	591.32	584.78	687.15	22/1	584.36	20/9	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	631.43	−0.4	—	4.59	—	15.86	633.70	628.98	629.43	530.80	646.82	2/9	581.88	3/1	646.82	2/9/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Sept 19	Sept 18	Sept 17	Sept 16	Sept 13	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1298.7	−8.1	1305.3	1297.9	1306.3	1294.8	1296.0	1300.2	1308.8	1127.0	1342.4	15/5	1206.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Sept 20	Day's change %	Thur Sept 19	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.44	+0.16	119.25	—	8.22
2	5-15 years	133.04	+0.31	132.98	0.35	10.00
3	Over 15 years	137.62	+0.34	137.15	—	9.92
4	Irredeemables	151.05	+0.15	150.82	—	8.90
5	All stocks	130.76	+0.26	130.60	0.17	9.43
6	Debentures & Loans	112.34	—	112.34	—	7.82
7	Preference	80.69	+0.02	80.68	—	5.21
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	112.23	−0.04	112.28	—	2.46

	AVERAGE GROSS REDEMPTION YIELDS		Fri Sept 20	Thur Sept 19	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low Coupons	5 years	9.98	10.00	11.22	11.56	28/1	9.94	29/7
2		15 years	10.19	10.23	10.59	11.20	28/1	10.08	29/7
3		25 years	10.20	10.24	10.14	10.72	29/1	10.03	2/1
4	Medium Coupons	5 years	10.79	10.84	11.89	12.59	28/1	10.68	22/8
5		15 years	10.54	10.57	10.99	11.63	28/1	10.42	29/7
6		25 years	10.20	10.22	10.32	10.97	29/1	10.00	29/7
7	High Coupons	5 years	10.87	10.91	11.93	12.53	28/1	10.77	22/8
8		15 years	10.68	10.71	11.15	11.76	28/1	10.57	29/7
9		25 years	10.37	10.40	10.41	11.03	29/1	10.09	29/7
10	Irredeemables†		9.83	9.84	10.02	10.49	28/1	9.75	23/8
11	Debs & Loans	5 years	11.56	11.56	12.41	12.63	29/1	11.35	30/7
12		15 years	11.43	11.43	12.21	12.37	29/1	11.26	30/7
13		25 years	11.30	11.30	12.02	12.37	29/1	11.18	30/7
14	Preference†		12.15	12.15	13.14	13.14	29/1	12.14	13/9
15	Inflation rate	5%	3.52	3.52	3.81	3.72	16/7	3.11	11/3
16		10%	3.32	3.31	3.61	3.51	16/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

INTERNATIONAL COMPANIES and FINANCE

GHH plans merger with MAN unit

BY RUPERT CORNWELL IN BONN

GHH, the sprawling West German industrial group last night set in motion a sweeping corporate overhaul involving closer integration with its major subsidiary, the heavy vehicle and motors concern Maeschinenfabrik Augsburg-Nürnberg (MAN).

The long awaited restructuring will reach into almost every corner of one of the country's most venerable and largest heavy engineering empires.

Its basic aim is to replace the present loose and ineffectual configuration of GHH/MAN with a streamlined and centralised top management, embodied in a new master company with its legal headquarters in Munich.

This new company will be the product of the merger of GHH and MAN, in which the former has a stake of around 75 per cent.

It will then assume control of the various operating divisions of MAN—including heavy vehicles, plant contracting and machine tools—which before the link-up takes final shape will be spun off into separate companies, each with their own capital.

The terms of the deal, which should go through in the course of 1986, will only be set after full valuation of the assets of the two partners. GHH, which reported sales of almost DM 14bn ($4.8bn) in the year ended June 1985, is currently capitalised at DM 583m, while MAN's outstanding equity totals DM 429.6m.

Although the new master company will be based at Munich in the south, the GHH supervisory board was at pains to stress that its traditional links with Oberhausen and the Ruhr will remain intact.

A so-called "*Konzernbüro Nord*" will remain, to guarantee the importance of the group in Northern Germany, while last night's statement stressed that the re-organisation would imply no changes in the siting of production plants, or in their respective workforces.

The whole scheme follows a significant upturn in the performance of the group, of which further details emerged yesterday. After losses of DM 59m in 1983-84, GHH reckons to have made operating profits of DM 150m for last year.

The improvement stems largely from a turnaround at MAN, which broke even in 1984-85 after a string of losses which have cost its reserves some DM 260m in the last few years.

The recovery has already enabled GHH to increase its dividend to DM 5.50 a share from DM 3.00. MAN itself has strengthened its underlying financial position hugely by selling a 50 per cent holding in the engine manufacturer MTU to Daimler Benz. This deal boosted MAN's reserves by DM 375m, GHH said.

The awkward relationship between parent and subsidiary has in the past generated major problems at GHH. In the autumn of 1983 Dr Manfred Lennings, the previous chief executive stepped down after differences over how to deal with MAN's difficulties.

Skandia floats international insurance side

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SKANDIA, the Swedish insurance group, is to raise some SKr 876m ($102.8m) through the launch of its international insurance operations, Skandia International Holding, on the Swedish stock market.

After a relatively disastrous 1984, the international operations are expected to produce an operating result around break-even this year. However the deterioration of the domestic non-life business is expected to plunge the group into operating losses overall of up to SKr 360m.

The separation of the international operations, which account for around 75 per cent of group gross premium income is aimed at giving Skandia greater freedom of manoeuvre in its foreign business.

Skandia is seeking to reduce the regulatory influence of the Swedish insurance supervisory authories, which are trying further to reduce the scope of insurance companies' activities within Sweden.

Skandia has been expanding its foreign activities fast and is entering the broader field of financial services. Last year it bought a 29.9 per cent stake in Quilter Goodison, the London stockbroking firm.

It is to sell off 55 per cent of Skandia International through an offer of shares to existing holders and through the stock market.

Premium income from the international business, heavily based in the U.S., will total around SKr 8.75bn this year. Operating losses of SKr 250m last year have been turned into profits of up to SKr 50m this year, although provisions for the Mexican earthquake could depress this figure.

Skandia's domestic non-life insurance business has suffered badly from a big jump in claims costs and fierce price competition. Operating losses are forecast at SKr 360m, against profits of SKr 354m in 1984.

The consumer division suffered a loss of SKr 210m, while the commercial division profit of SKr 110m in 1984 has been transformed this year into a loss of SKr 180m.

Overall, Skandia's fortunes have fallen steeply over the last three years with operating profits of SKr 1.39bn in 1983 falling to SKr 79m in 1984.

FN Herstal sees return to the black this year

BY PAUL CHEESERIGHT IN BRUSSELS

THE BELGIAN arms and aeronautics manufacturer, Fabrique Nationale Herstal (FN), should return to profits this year if the present trend of its business continues.

Turnover in the first half was 24 per cent higher than in the same period of 1984, FN announced yesterday. At BFr 12.4bn ($211m), the growth of turnover is on track to reach an estimated BFr 25bn for the whole year.

"If this figure is reached, FN will have a positive result at the end of the year," the company said.

Towards the end of last year, the F N order book started to swell and this is now being translated into sales. This trend is expected to continue.

The company thus appears to be moving out of a period of great uncertainty when clients for arms were facing budgetary problems and the international aeronautics business was depressed. FN itself has slimmed down and has received an infusion of funds from its main shareholder, Societe Generale de Belgique.

But it is too early to suggest that FN will return to the dividend list this year. There have been no payments for the last three years. Results were close to breakeven in 1982 and 1983, but last year there was a net loss of BFr 159m as turnover slumped in the wake of a 1983 drop in orders.

The greater air of confidence at FN has been signalled by a doubling of its research budget to BFr 1.5bn for 1985.

The FN group's activities spread into sporting goods and industrial services with plants throughout Europe and the U.S. For the whole group, turnover in the 1985 first half was BFr 17.4bn, 16 per cent higher than the corresponding period of last year.

French Shell loss widens

By Paul Betts in Paris

SHELL FRANCAISE, the French subsidiary of the Royal Dutch/Shell oil group, reported first half losses of FFr 704m ($79.6m) compared with a first half loss of FFr 621m last year and a loss of FFr 1.07bn for the whole of 1984.

The company said the latest losses made it all the more necessary for Shell Francaise to proceed with its recovery plan. This plan is designed to enable the company to make cost savings of about FFr 1bn a year.

Sales in the first half rose to FFr 18bn from FFr 16.3bn in the same period last year.

LADBROKE INDEX
998-1,002 (+7)
Based on FT Index
Tel: 01-427 4411

Sydney awaits bid for BHP

By Our Financial Staff

BROKEN HILL Proprietary, Australia's biggest company whose interests lie in oil, gas, mining and steel, was once again the object of keen speculative interest on Australian share markets yesterday, against the background of persistent reports that a bid for the group is in the offing.

BHP shares closed in Sydney and in London at A$7.40 yesterday, up 30 cents from Friday last week. Some 30m shares, equivalent to 2.9 per cent of the company's issued capital, changed hands during the week in dealings valued at A$150m (U.S.$102m), lifting the share price to A$7.40 yesterday from A$7.10 a week ago.

It was widely believed in Sydney yesterday that a bid for BHP is likely to be mounted by one or other of Australia's highly visible corporate raiders, with the names of Mr Robert Holmes à Court, chairman of Bell Group, and of Mr John Spalvins, chief executive of Adelaide Steamship, most frequently mentioned. Neither company commented yesterday on the market rumours.

Mr Holmes à Court, who attracted wide attention two years ago with a full bid for BHP, sold about half of his 5 per cent holding in the group at prices between A$5.60 and A$6.20 last April, but is thought to have returned to the market as a buyer in recent weeks.

Adsteam is believed to have accumulated about 4.3 per cent of BHP through nominees ahead of this week's heavy dealings in the shares.

World Stock Markets, Page 10

Commerzbank broadens U.S. operations

By Jonathan Carr in Frankfurt

COMMERZBANK, one of the biggest West German banks, has for the first time established itself on the U.S. west coast with the opening of an office in Los Angeles.

The move follows the setting up of Commerzbank bases in New York (1967), Chicago (1975) and Atlanta (1979), and is aimed at boosting business in the dynamic California region.

When Commerzbank first established itself in the U.S. most of its business was with the subsidiaries of German firms or with American companies involved in Germany.

Now, only about 20 per cent of Commerzbank's U.S. business still involves these sectors. Another 20 per cent involves general international business

ITT combines four offshoots

By Our New York Staff

ITT, the U.S.-based multinational conglomerate, is to combine four telephone and computer equipment units into one group in a continued effort to streamline its organisational structure and improve sales.

The New York-based group, which is in the midst of a major restructuring, said it had consolidated its ITT Courier unit, which sells computer terminals, ITT Business and Consumer Communications, which markets telephone and office (PBX) switching equipment, ITT Information Systems, which sell ITT's range of personal computers, and Qume, ITT's printer and computer periferals unit.

The four units, which will group called ITT Business Systems, currently have annual sales of around $800m.

Poclain trims deficit as cost cuts bite

BY DAVID MARSH IN PARIS

POCLAIN, the troubled French hydraulic excavator maker, reduced net losses to FFr 39.6m ($4.5m) in the first half from FFr 184.3m in the same period last year.

Poclain, which has been putting into effect a cost-cutting programme to trim back operations after several years of losses, said yesterday the reduced losses showed its reorganisation plan was working.

Group net sales rose 8.8 per cent in the half-year to FFr 1.55bn. On the basis of comparable structures, removing the effects of the sale of its hydraulic unit in May, the sales increase was 11.1 per cent.

Operating loss was FFr 29m, against FFr 53.9m in the first half last year, with interest charges down to FFr 37.9m from FFr 69.3m.

Poclain, which made overall net losses of FFr 234m last year, benefited from exceptional profits of FFr 27.3m in the latest six months, compared with exceptional losses of FFr 61.1m last year linked to its job-cutting programme.

The company, owned 44 per cent by Tenneco of the U.S., said bad weather at the beginning of the year and the continuing depression in the world construction sector were still affecting results.

But market share in main countries had risen. EEC action to impose anti-dumping duties on Japanese excavator imports should help strengthen market share further, although the action had not yet improved margins because of strong competition.

Generali registers 59% improvement in profits

BY JAMES BUXTON IN ROME

ASSICURAZIONI GENERALI, the major Italian insurance company which claims to be one of the four largest insurers in Europe, yesterday revealed group consolidated results for 1984 which showed a 59.7 per cent rise in net profits, compared with 1983.

Premium income rose by 16.5 per cent to L6,102bn ($3.1bn) while net profit amounted to L220.1bn.

Based in Trieste, Generali is one of the most widely spread Italian companies, with only about one third of its premium income arising in Italy. It was founded in 1831 when Trieste was part of the Austro-Hungarian empire, but despite losing its substantial business in eastern Europe after the Second World War, it has substantial operations in West Germany, France, Austria, Spain and other countries.

Last year the group made provision for insurance liabilities of L12,779bn, a rise of 16.5 per cent, and investments of L14,653bn, an increase of 16.3 per cent.

The company's consolidated balance sheet, which contains the operations of 45 insurance companies, shows that in 1984 life assurance premiums totalled 28 per cent of all premiums amounting to L1,707bn. Of this, Italy accounted for 37.2 per cent, France 22.9 per cent, West Germany 18.4 per cent and Austria 14 per cent.

Non life premiums totalled L4,394bn, amounting to 72 per cent of total premiums, with Italy making up 33.1 per cent, Austria (where Generali is the country's largest single insurer) 21.6 per cent, France 12.7 per cent and West Germany 12.6 per cent.

North Borneo Timber dealings set to restart

By Our Financial Staff

TRADING in the shares of North Borneo Timber could shortly restart on the Kuala Lumpur Stock Exchange following a request from the Malaysian logging group.

Trading was suspended in July last year pending the outcome of negotiations aimed at a "substantial" takeover. North Borneo said that the talks had finally proved fruitless.

The company also disclosed unaudited results yesterday. These show a decline in pretax profits to 7.1m ringgits (US$2.8m) for the year ended May, 1985.

Log production during the year fell, but the output of cocoa improved. As a result, group gross revenue emerges 20 per cent lower at 79m ringgits.

The company reiterated that the last of its timber concessions in Sabah will end in December.

North Borneo is to pay an interim dividend of 5 sen a share.

Wheeling Pittsburgh chairman resigns

By Our Financial Staff

MR DENNIS CARNEY, chairman of Wheeling Pittsburgh, and all but one of his fellow-directors resigned yesterday in an effort to break the deadlock with the U.S. steelworkers' union that has driven the company to the verge of bankruptcy.

A statement issued by Mr Carney said he would step down "to facilitate resolving the current labour impasse and to accommodate the desires of Mr Allen Paulson."

Mr Paulson, Wheeling-Pittsburgh's largest shareholder, with some 34 per cent of the equity, is the only director not to resign. He had been expected for the past several days to oust the remainder of the board and to bring in a more conciliatory figure as chief executive to attempt to negotiate a settlement to the long-running strike at the company.

Mr George Ferris, a former chief executive of Ford Motor's Rouge Steel subsidiary, has been frequently mentioned as a possible successor to Mr Carney.

Wheeling-Pittsburgh filed for protection from creditors under Chapter 11 of the Bankruptcy Code last April after failing to win wage and benefit concessions from the International Union of the United Steelworkers of America. In July the U.S. bankruptcy court upheld management's right to repudiate the union's contract under Chapter 11, causing the union to take its members out on strike a few days later.

In his statement Mr Carney said the union had "placed demands on the corporation which it cannot satisfy. It is my hope that the new management along with the international union will bring fresh approaches to bear on the corporation's problems."

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$320	12	11	—	—	—	—	$319,70
GOLD C	$340	46	4,80	—	—	2	19	"
GOLD C	$360	16	1,50	—	—	—	—	"
GOLD P	$300	—	—	105	5,50	—	—	"
GOLD P	$320	—	—	—	—	30	16,50	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 28,468

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
[illegible]							

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Racal (*158)	130	25	34	—	2	4	—
	150	17	24	32	4	8	8
	140	12	17	24	11	12	16
	160	4½	10	16	24	24	36
	180	1	6	10	44	44	44
[illegible]							

September 20 Total Contracts 7,669 Calls 4,919 Puts 2,850
*Underlying security price.

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hambros Bank	11½%
Allied Dunbar & Co.	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■ Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	*Edward Manson & Co.*	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	*R. Raphael & Sons*	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	■ J. Henry Schroder Wagg	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Williams & Glyn's	11½%
The Cyprus Popular Bk.	11½%	*Yorkshire Bank*	11½%
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	13 %		
First Nat. Sec. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Rally slows in reduced trading

LITTLE CHANGE was recorded on Wall Street yesterday, when Thursday's rally slowed before the weekend.

By 1 pm the Dow Jones Industrial Average was off 2.02 at 1,304.77, for a net loss of 2.91 on the week, while the NYSE All Common index, at $105.96, shed 4 cents on the day but held an 11 cents rise on the week. Advances led declines by an eight-to-five margin, while the volume dipped 7.77m shares to 65.46m compared with 1 pm Thursday.

Before the Stock Market opened, the Commerce Department reported the economy was growing at a 2.8 per cent annual rate in the current quarter. Some of the more optimistic forecasts had been for a rate in excess of 3 per cent.

The report said the Gross National Product rose at a 1.9 per cent rate in the second quarter, down from a previous estimate of 2.0 per cent. Another report showed Corporate profits increasing 0.3 per cent in the second quarter.

Richardson - Vicks led the actives, off $⅛ to $46⅞ — it has been fighting a takeover bid from Unilever.

General Foods gave way $1⅛ to $83¾—it amended its pension plans to prevent outside groups from using the money to finance a takeover.

NWA, which rose in the past on takeover rumours came back $2 to $54.

Celanese Corp moved up $3¾ to $118½—Paine Webber analyst Peter Butler said the company's Board was likely to approve a stock buyback plan next week, while Merrill Lynch analyst George Krug raised his rating.

Ralston Purina improved $1⅜ to $43½—it agreed to sell its Foodmaker Restaurant business for $450m. It also said it would buy back up to 5m Common shares.

Cray Research put on $1½ to $50, following a gain of $3 Thursday.

Burroughs rose $¾ to $65¼ and Digital Equipment $⅞ to $108⅞.

THE AMERICAN S.E. Market Value index firmed 0.30 to 222.92. Volume 5.96m (5.98m) shares.

Frontier Holdings advanced $1⅝ to $19—it is the object of a takeover bid from Texas Air.

Closing prices for North America were not available for this edition

CANADA

Stocks moved higher in moderate trading at mid-session.

The Toronto Composite index rose 5.4 to 2,677.7, Golds 15.2 to 4,228.0 and Oil and Gas 1.3 to 3,245.6.

Cominco, which cut its lead price in Canada rose ¼ to $12⅞.

Massey-Ferguson lost 5 cents to $3.15 as workers at its Toronto and Brantford, Ontario, plants entered the second day of a strike.

TOKYO

Share prices surged ahead in moderate trading, spurred by purchases from an investment trust.

The Nikkei - Dow market average rose another 101.96 to 12,666.95 after gaining 35.33 Thursday. Turnover 400m (450m) shares.

Traders said expectations of lower domestic interest rates encouraged buyers. They pointed out that Japanese Government Bond prices have been climbing briskly in the recent past.

Brokers said the investment trust, a subsidiary of one of Japan's four main securities houses, purchased for one of its funds an average 90,000 shares each of 221 out of the 225 issues which form the base of the market average.

Both selected Blue Chips and Domestic - orientated issues firmed.

The broader based SE Index rose 3.36 to 1,007.46. Volume 14m (13m) shares.

Most Biotechnology - related Pharmaceuticals firmed, led by Shionogi, up Y32 to 782, on reports it will gain permission to import and sell "human insulin" for diabetics. It said approval has not been received.

But Kanebo dipped Y23 to 420 based on expectations it would not soon resume sales of its liver drug "Catergen."

Machineries, Autos and Auto-related shares rose. But "large-capital" issues were mixed.

Nippon Yusen continued to climb, drawing buy orders totalling some 3m shares at the outset. In the background, traders said, was speculation about solid earnings growth and possible gains from the land it holds.

Mitsubishi Heavy Industries retained strength. News about stepped-up Government defence spending in coming years and anticipation of all-round earnings growth sent buyers to the shares of Mitsubishi, the country's top defence contractor.

Construction and Housing issues slid in the face of profit-taking.

GERMANY

Leading shares scored strong gains in heavy turnover as selected demand for Blue Chips drove the wider market higher and pushed the 60 share Commerzbank index to its third all-time peak this week, up 17.5 to a new record of 1,552.8. It is set daily at midsession.

New UK Investment Funds specialising in German shares were heavy buyers, with bullish sentiment for the market underpinned by recent strong corporate results.

Dealers reported strong demand for Blue Chip Electrical up DM 11.5 at 614.5.

BASF continued in demand, rising DM 4.80 to 238.70, with the Rights rising 40 cents to DM 3.15.

Motors also saw strong gains as the International Motor Show here draws to a close. VW rose DM 5.20 to 342.50, Daimler DM 14.50 to 986 and BMW DM 4 to 497.

Insurer Allianz further advanced DM 28 to 1,610.

HONG KONG

Lower in moderate trading as sentiment remained bearish. Brokers said there were no fresh factors but institutions continued to sell and there was not much buying support.

The passage by a Congressional sub-committee of the Jenkins Bill, which would restrict U.S. textile imports, weighed on the market as investors saw the Bill as a major threat to the local economy, brokers added.

The market was also braced for a downward revision by the financial secretary next week of his forecast of local economic growth, to 5 per cent from the original 7 per cent.

The Hang Seng index fell 13.81 to 1,549.46. It has fallen every day this week and is 56.38 below last Friday. Yesterday's turnover HK$227.75m (HK$152.28m)

Jardine Securities last quoted at HK$13.30 bid compared with previous HK$13.50 close — it reported first half profit of HK$18.2m. (HK$1.4m).

SINGAPORE

Share prices rose over a broad front on continued buying and short covering in active trading, with some late profit-taking well absorbed.

Buying demand appeared to stem mostly from individual speculators, rather than institutions bent on amassing stocks for longer-term investment.

Speculative and low-priced issues remained in the limelight. Promet, up 2 cents at S$1.38, was the most active stock on 1.8m shares. Raleigh shot up 24 cents to S$2.74 with 1.7m units traded

AUSTRALIA

Firmer as initial nervousness about the Government's tax package faded in late trading.

The All Ordinaries index rose 2.3 to 945.6, the All Industrials 5.9 to 1,388.5 and the Gold index 7.1 to 949.8, while the All Resources index was steady at 603.1.

Turnover 54.3m valued at A$109.1m, with rises leading falls 205-to-201.

BHP topped turnover lists for the third straight day, rising 10 cents to A$7.40.

AWA put on 40 cents to A$6.00 on takeover speculation.

JOHANNESBURG

Gold shares quietly firmer, buoyed by continued speculative buying on currency factors, as the rand remained weak despite an easier dollar and a recovery in the gold price.

CANADA

Stock	Sept. 19	Sept 18
AMCA Intl.	14¼	13¾
Abitibi	20½	20½
Agnico Eagl	17⅞	17⅝
Alberta Energy	18	17¾
Alcan Aluminium	35⅝	35
Algoma Steel	18⅜	18⅜
Campbell Red L.	30⅞	30
Can. Cement Pt.	10¼	10⅜
Can. NW Energy	21⅛	21½
Can. Packers	34½	34½
Can. Trustco	41¾	42
Can. Imp. Bank	37	36⅝
Can. Pacific	16⅞	16¾
Can. Pac. Ents	27¼	26⅞
Dome Mines	12½	12
Dome Petroleum	2.73	2.75
Domtar	18⅜	18⅜
Falconbridge	18⅜	18⅝
Fed Inds. A	11⅛	11¼
Gendis A	31½	31½
Genstar	30¼	30½
Giant Y'knife	18	18
Gt. West Life	4.25	4.25
Loblaw	20⅝	20¾
Macmil Bloedel	18¼	17⅞
Marks & Spencer	12½	12⅜
MasseyFerguson	3.20	3.15
McIntyre Mines	37	37
Mitel Corpn	9⅞	9¾
Molson A	17¾	18
Moore Corp	25⅛	25
Nat. Bank Can.	21⅛	21⅛
Ranger Oil	4.65	4.65
Reed St'house A	21⅞	21⅞
Rio Algom	22¾	22⅜
Royal Bank Can.	30⅛	30½
Royal Trust A	20¼	19¾
Sceptre Res	5⅜	5⅝
Seagram	54¾	54½
Sears Can.Inc	8¾	8⅝
Shell Can. A	24⅛	24⅛
SHL Systemh'se	9½	9⅝

Indices

NEW YORK

DOW JONES

	Sept. 19	Sept. 18	Sept. 17	Sept. 16	Sept. 13	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
●Industri'ls	1306.78	1300.40	1298.18	1309.14	1307.88	1359.54 (19/7)	1184.96 (4/1)	1359.54 (19/7/85)	41.22 (2/7/32)
Home Bnds	79.57	79.66	79.66	79.60	79.51	80.66 (16/7)	72.27 (20/3)	—	—
Transport	654.03	648.29	645.83	659.53	668.47	702.6 (17/7)	553.03 (4/1)	702.6 (17/7/85)	12.32 (8/7/32)
Utilities	153.72	153.31	153.16	153.57	152.60	168.91 (12/7)	146.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
TradingVol 000-1	100,320	105,710	111,950	66,700	111,390	—	—	—	—

●Day's High 1312.95 (1307.57) Low 1291.22 (1283.71)

	Sep. 13	Aug. 30	Aug. 23	year ago (approx)
Industrial dividend yield%	4.71	4.61	4.66	4.67

STANDARD AND POORS

	Sept. 19	Sept. 18	Sept. 17	Sept. 16	Sept. 13	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
Industrials	204.39	202.68	202.15	203.93	204.05	215.83 (19/7)	128.24 (4/1)	215.83 (19/7/85)	3.62 (30/6/32)
Composite	183.39	181.71	181.36	182.88	182.91	195.66 (17/7)	163.68 (4/1)	195.66 (17/7/85)	4.40 (1/6/32)

	Sept. 11	Sept. 4	Aug. 28	year ago (approx)
Industrial div. yield	3.79	3.75	3.72	3.97
Industrial P/E ratio	12.41	11.81	11.88	10.69
Long Gov. Bond yield	10.73	10.39	10.39	12.30

N.Y.S.E. ALL COMMON

Sept. 19	Sept. 18	Sept. 17	Sept. 16	1985 High	1985 Low
106.99	106.00	104.89	105.78	113.49 (17/7)	94.60 (4/1)

Rises and Falls

	Sept. 19	Sept. 18	Sept. 17
Issues Traded	1,949	1,986	2,006
Rises	1,069	626	415
Falls	426	871	1,142
Unchanged	454	489	449
New Highs	15	15	13
New Lows	37	61	81

TORONTO	Sept. 19	Sept. 18	Sept. 17	Sept. 16	1985 High	1985 Low
Metals & Minerals	1924.5	1911.8	1904.4	1848.2	2190.07 (13/2)	1839.3 (8/1)
Composite	2672.3	2662.1	2651.6	2658.1	2819.9 (30/8)	2348.5 (8/1)
MONTREAL Portfolio	130.82	130.51	129.29	131.05	139.53 (18/7)	117.00 (4/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Richrdsn-Vicks	3,866,500	47	−2
Citicorp	1,592,000	41⅛	+ ⅛
IBM	1,488,700	128	+ ½
AT & T	1,283,300	21½	+ ⅛
Amer Express	1,168,800	41¾	+1⅛
Hewlt-Packard.	1,139,700	33⅞	− ⅛
Amer. Info.	1,017,500	91½	+1¾
Travelers	991,400	40⅝	—
Motorola	944,700	35	+1½
Exxon	939,000	50⅞	+ ⅛

	Sept. 20	Sept. 19	Sept. 18	Sept. 17	1985 High	1985 Low
AUSTRALIA All ord. (1/1/80)	945.6	943.3	945.4	951.3	963.3 (15/8)	715.5 (7/1)
Metals & Minls. (1/1/80)	504.2	507.5	511.0	524.8	585.8 (20/6)	382.5 (7/1)
AUSTRIA Credit Aktien (2/1/62)	98.85	100.09	100.28	100.59	105.75 (17/8)	58.21 (24/1)
BELGIUM Brussels SE (1/1/80)	2500.49	2485.10	2472.85	2456.39	2598.40 (20/9)	2080.7 (18/1)
DENMARK Copenhagen SE (3/1/83)	216.51	215.96	216.01	216.68	218.41 (9/9)	180.44 (8/1)
FRANCE CAC General (31/12/82)	218.0	218.5	218.9	217.8	233.1 (31/5)	188.9 (3/1)
Ind Tendance (28/12/84)	122.9	123.1	123.0	123.5	130.4 (31/5)	100.1 (3/1)
GERMANY FAZ Aktien (31/12/58)	528.08	520.09	522.64	519.74	528.08 (20/9)	382.39 (8/1)
Commerzbank (1/12/53)	1552.8	1535.3	1541.1	1534.9	1552.8 (20/9)	1111.8 (8/1)
HONG KONG Hang Seng Bank (31/7/64)	1549.46	1563.27	1565.82	1588.40	1711.51 (19/8)	1220.74 (2/1)
ITALY Banca Comm Ital. (1972)	397.81	398.93	396.17	399.85	399.85 (17/9)	229.56 (2/1)
JAPAN** Nikkei-Dow (16/5/49)	12666.9	12565.0	12529.7	12591.5	13049.1 (6/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1007.46	1004.10	1005.73	1009.24	1057.55 (10/7)	916.65 (4/1)
NETHERLANDS ANP-CBS General (1970)	221.5	221.2	220.0	220.9	223.9 (6/9)	185.6 (8/1)
ANP-CBS Indust (1970)	185.6	183.5	182.1	182.0	194.1 (6/9)	147.9 (5/1)
NORWAY Oslo SE (4/1/83)	358.72	369.66	365.99	364.88	366.72 (20/9)	289.18 (2/1)
SINGAPORE Straits Times (1966)	778.88	770.98	765.95	757.60	852.65 (7/5)	717.80 (15/7)
SOUTH AFRICA JSE Gold (28/9/78)	—	1051.1	1054.9	1058.0	1140.8 (15/4)	828.5 (6/8)
JSE Indust (28/9/78)	—	952.5	946.9	946.1	1088.8 (18/7)	767.1 (7/5)
SPAIN Madrid SE (28/12/84)	108.89	108.99	109.00	109.46	117.41 (4/2)	101.48 (2/1)
SWEDEN Jacobson & P (11/58)	1598.52	1588.84	1586.88	1574.21	1498.98 (11/2)	1285.82 (8/7)
SWITZERLAND SwissBankCpn (31/12/58)	494.1	494.5	491.7	485.8	499.5 (11/9)	380.7 (3/1)
WORLD Capital Intl. (1/1/70)	—	215.9	212.0	212.2	224.5 (17/7)	184.6 (4/1)

** Saturday September 14: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak

The dollar fell sharply yesterday following disappointing U.S. third quarter GNP figures. The fresh estimate showed a rise of 3 per cent which was significantly below earlier market estimates of a 3 per cent to 3½ per cent rise. Consequently, the dollar fell back amid a flurry of trading. A softer trend had developed before the announcement with a leaked figure late Thursday night in Chicago of 2.8 per cent proving to be correct.

Trading volume tended to contract during the afternoon with proximity of the weekend providing a few days for the market to reassess the dollar's future movements. Pressure on the U.S. Federal Reserve now seems likely to be towards maintaining an unchanged to softer stance on monetary policy.

The dollar colsed at DM 2.8440 from DM 2.9010 and Y240.05 from £242.00. It was also lower against the Swiss franc at SwFr 2.3415 from SwFr 2.3830 and FFr 8.6775 compared with FFr 8.8450. On Bank of England figures, the dollar's exchange index fell from 141.1 to 139.6.

Sterling rose to $1.3695-1.3705, up 2.95c from Thursday. It was also higher against the D-mark at DM 3.8950 from DM 8875 and SwFr 3.2075 compared with SwFr 3.1950. Against the yen it improved to Y328.75 and Y324.50 and FFr 11.8875 from FFr 11.8575. On Bank of England figures, the pound's index rose to 82.0 from 81.1.

£ IN NEW YORK

	Sept. 20	Prev. close
£ Spot	$1.3710-3720	$1.3455-1.3465
1 month	0.39-0.36 pm	0.37-0.36pm
3 months	1.04-1.00 pm	1.00-0.97pm
12 months	2.65-2.55 pm	2.55-2.45pm

Forward premiums and discounts apply to the U.S. dollar

OTHER CURRENCIES

STERLING INDEX

POUND SPOT—FORWARD AGAINST POUND

Belgian rate is for convertible francs. Financial franc 79.60-79.70. Six-month forward dollar 1.75-1.70c pm. 12-month 2.70-2.55c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.10-58.20.

EXCHANGE CROSS RATES

MONEY MARKETS

Little change

Interest rates were little changed in London yesterday despite sterling's firmer trend. The market remained unconvinced that there was still a possibility of an early reduction in base rates with the second week in October likely to hold a better chance. The market's lack of direction was reflected in the yield curve which remained rather flat.

Three-month interbank money was quoted at 11 7/16-11 9/16 per cent unchanged from Thursday while three-month eligible bank bills were bid at 11 7/16 per cent compared with 11 15/32-11 7/16 per cent.

UK clearing banks base lending rate 11½ per cent since July 30.

Weekend interbank money opened at 11⅝-11 11/16 per cent and moved up to 11¾ per cent before slipping away to 6 per cent. Late balances commanded up to 12 per cent however.

The Bank of England forecast a shortage of around £750m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £474m and a rise in the note circulation a further £250m. In addition banks brought forward balances £155m below target. These were partly offset by Exchequer transactions which added £150m.

The Bank gave assistance in the morning of £388m, having revised the shortage to around £650m. The morning help comprised purchases of £79m of eligible bank bills in band 1 (up to 14 days) at 11⅜ per cent, £268m in band 2 (15-33 days) at 11 7/16 per cent, £11m in band 3 (34-63 days) at 11½ per cent, and £30m in band 4 (64-91 days) at 11 7/16 per cent.

The forecast was revised once more this time to a shortage of around £600m, before taking into account the morning help. Afternoon assistance totalled £247m and comprised purchases of £36m of eligible banks bills in band 1 at 11⅜ per cent, £133m in band 2 at 11 7/16 per cent, £75m in band 3 at 11½ per cent and £3m in band 4 at 11 7/16 per cent. Total help was £635m.

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

ECGD Fixed Finance IV: Average rate of interest period August 7 to September 3 (inclusive): 11.574 per cent. Local authority and finance houses seven days' notice, others seven days fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12 per cent from September 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 11.0364 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11⅛ per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-nine months 11½ per cent; nine-12 months 11¼ per cent. Under £100,000 10¾ per cent. from September 12. Deposits held under Series 5 11⅛ per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 20)

3 months U.S. dollars

bid 8 5/16	offer 8 5/16

6 months U.S. dollars

bid 8 7/16	offer 8 ½

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week
Des. Coconut	$650	—30
Gas Oil Fut. Nov.	$244	+3.5
Jute LJA BWC grade	$360	—5
Rubber kilo	60.75p	—0.25
Sisal No. 3L	$600	—
Sugar (Raw)	$134.5v	+6.5
Tea (quality) kilo	‡	—
(low med) kilo	108p	—
Wooltops 64s Super	430p kilo	—

† Unquoted. (g) Madagascar. (x) November. (w) October. (v) September-October. (z) October-November.

OIL

Recent events in Mexico and Iran firmed most grades. October WTI, on its last day of Nymex trading, stood 45c up at 1.30 pm EDT, compared with rises of 35c or less on other months. In the petroleum products market gas/oil prices firmed for all periods in confused trade. Prompt positions were little discussed but forward positions were active. High sulphur fuel was offered by almost all refiners in north-west Europe with prices consequently falling—Petroleum Argus, London.

SPOT PRICES

GOLD

Gold rose $2¾ an ounce from Thursday's close in the London bullion market yesterday to finish at $319¾-320. The metal opened at $319½-319¾ and touched a high of $321¼-321¾

REVIEW OF THE WEEK

Coffee price falls

BY RICHARD MOONEY

COFFEE PRICES fell back sharply on the London futures market yesterday reflecting sterling's strength against the dollar. But they still ended higher on the week. A £28.50 fall left the November position with a net gain on the week of £24.50 at £1,674 a tonne.

Early strength in reaction against last week's decline had taken November coffee as high as £1,740 a tonne in mid-week, but this level was not held for long. Even before the advance was trimmed back dealers were inclined to play down its significance. They thought it represented a switch in sentiment from slightly bearish to slightly bullish rather than the beginning of a significant uptrend.

This cautious view was encouraged by uncertainty about the likely outcome of crucial talks about 1985/86 export quotas which began in London on Monday and are due to finish at the end of next week.

Se fa rthe meeting, between producing and consuming members of the International Coffee Organisation, appears to have made little progress towards agreeing export limits and support prices for the next coffee year, beginning on October 1.

The producers would like reduced quotas and higher support prices while the consumers want higher quotas and lower prices.

Producers have called for a the export limit to be reduced by 3m bags (60 kilos each) to 55m bags. The consumers are thought to be aiming at around 60m bags but are waiting for a range of other issues to be resolved before engaging in serious discussions on a figure.

World sugar prices began the week on a strong note in response to a surprise announcement last Friday (after the London market had closed) that the U.S. import quota for the ten months from December 1985 to September 1986 was to be 1.85m tonnes, exceeding market expectations and the country's actual import requirement by about 800,000 tonnes. The high figure is thought to reflect the Administration's wish to support the developing countries which benefit from the quotas.

On Monday morning the London daily raw sugar price was fixed at a 21-month high of $142.50 a tonne but it quickly fell back and ended the week $5.50 up on balance at $134.50 a tonne.

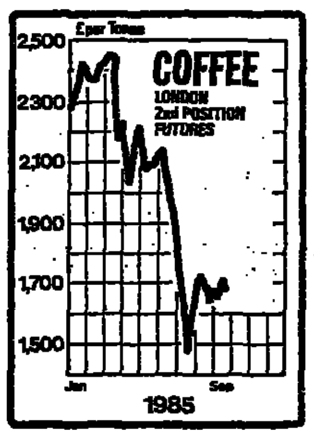
On the London Metal Exchange copper led a general decline in base metals values.

Sterling's strength sparked off heavy selling yesterday and the resulting £27.50 fall left the cash higher grade copper price £45.50 down on the week at £978 a tonne.

Leaving aside the currency factor the copper market has been looking decidedly weak. Even the announcement on Monday that LME warehouse stocks fell last week for the first time since June could not prevent prices ending a little lower on the day.

Zinc prices were also hit by sterling's gains and cash high grade metal finished £15.50 down on the week at £497.50 a tonne, the lowest level since July 1983. With the market continuing weak Preussag of West Germany decided at last to follow the lead given four weeks ago by Metallgesellschaft, by cutting its European selling price by $50 to $780 a tonne. Other major suppliers are now expected to follow suit.

Nickel prices also fell sharply with the cash LME quotation ending the week £280 lower at £3,225 a tonne. This was largely due to the currency factor but the market was also influenced by a surprise rise in LME warehouse stocks and confirmation that Falconbridge of Canada had stopped support buying of the metal.



ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	704-5	—16	—
3 months	725.5-6	—17.75	742/724

Official closing (am): Cash 709.5-10 (725-.5), three months 731.5-2 (748-.5), settlement 710 (725.5). Final Kerb close: 731-32. Turnover: 26,050 tonnes.

Standard			
Cash	9135-40	—29	9160/9160
3 months	9110-1	+5.5	9111/9110

Official closing (am): Cash 9,159-60 (9,169-70), three months 9,110-1 (9,110-1), settlement 9,160 (9,170). Final Kerb close: 9,110-12. Turnover: 1,735 tonnes. Straits tin $m 30.23 (30.03) kilo.

ZINC

COPPER

SILVER

LEAD

NICKEL

TIN

GRAINS

shipment east coast. U.S. no 2 soft red winter Oct 110, Nov 111, Dec 112.75 sellers. EC French faq Sept 118.50 11½ per cent protein Sept-Oct 114 quoted. English feed fob Jan-Mar 113.25 paid east coast, Sept 105-106 buyer-seller, Oct 107.50 seller, Oct-Dec 107.75-108.50 buyer-seller. Nov-Dec 109.00, Apr-Jun 118.50 sellers. Maize: U.S. no 3 yellow/French transhipment east coast Oct 1-10 131, Nov-Dec 133. Barley: English feed fob Sept 102.25-102.75 buyer-seller, Oct 105.50-106.00 seller, Nov-Oct-Dec 107.75-108.50, Nov/Dec 109 seller, Dec 109.00-109.50 buyer-seller, Jan-Mar 113.00 seller.

FREIGHT FUTURES

COCOA

COFFEE

SUGAR

RUBBER

MEAT

POTATOES

SOYABEAN MEAL

INDICES

FINANCIAL TIMES

Sep. 19	Sep. 18	M'th ago	Year ago
254.47	255.72	251.70	287.81

(Base: July 1 1952 = 100)

REUTERS

DOW JONES

AMERICAN MARKETS

PRECIOUS METALS came under modest selling pressure in response to the lack of strong inflation trends in the U.S. economy as reflected in the GNP price deflator of 3.1 per cent, reports Heinold Commodities.... Copper continued under pressure as fresh cash demand failed to develop and continued concern over high stock levels in London attracted selling. Sugar values firmed on a pick-up in cash inquiry and on short-covering ahead of the weekend. Speculative buying was evident in cocoa as producer offers remained light. Coffee was generally featureless awaiting fresh news from the ICO meeting although scattered support was evident on reports of drought in the Brazilian growing areas.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
Sept	42.60	—	—	42.35
Oct	42.85	—	—	42.60
Nov	43.25	—	—	42.90
Dec	43.60	43.75	43.20	43.35
Jan	43.95	—	—	43.70
March	44.70	44.90	44.30	44.45
May	45.40	—	—	45.15
July	46.10	45.85	45.85	45.85
Sept	46.80	—	—	46.55
Jan	48.20	—	—	47.95

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2244	2250	2231	2221
March	2308	2310	2293	2279
May	2337	2340	2328	2306
July	2353	2346	2335	2322
Sept	2350	2345	2335	2319
Dec	2348	2356	2330	2318

COFFEE "C" 37,500 lb. cents/lb

	Close	High	Low	Prev
Dec	138.34	138.40	137.60	137.85
March	139.60	139.60	138.85	139.26
May	140.56	140.65	140.00	140.05
July	141.30	141.30	140.85	140.38

CHICAGO

MARKET REPORT

Leading equities lose ground after promising start but conventional gilts improve

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 2	Sept 12	Sept 13	Sept 23
Sept 16	Sept 26	Sept 27	Oct 7
Sept 30	Oct 10	Oct 11	Oct 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

The first leg of the current two-week trading Account ended on a subdued note for London equities. Leading shares, which had been held back throughout the week by concern about crude oil prices faded after a firm start.

Wall Street's further encouraging showing overnight prompted dealers in London to mark blue chip industrials higher at the outset in an attempt to extend Thursday's rallying movement. However, follow-through demand failed to materialise and quotations subsequently drifted gently lower. International stocks recorded above-average losses in sympathy with sterling's strength.

After Thursday's 7 point recovery, the FT Ordinary share index stood another point higher at the 10 am calculation, but thereafter gave ground to end the session 5.6 down and 9.7 lower on the week at 1,002.2.

Overall, trade was thin and not helped by a much shorter list of company trading statements. Selected Properties, however, continued to gain ground in response to a favourable review of the sector undertaken by stockbrokers' Phillips and Drew, while Stores were helped by the CBI-FT Distributives trades survey which expressed confidence that the consumer spending boom will continue.

Special situations provided isolated features and TI were outsanding on this score with a rise of 16 to 404p as talk of an imminent bid from an Evered-led consortium revived.

The eagerly awaited "flash" estimate of U.S. third-quarter GNP, showing a 2.8 per cent increase, helped strengthen the pound on foreign exchange markets but initially failed to enliven gilt-edged securities. However, as sterling continued to make good ground against the dollar—it rose to 1.3725 at one stage—buyers returned for the funds around the 3.30 pm "house" close, seemingly on the view that any further sustained upward pressure on the rate could resurrect hopes of lower base lending rates.

Ensuing demand exhausted the authorities' existing supplies of the long tap, Coversion 9¾ per cent 2001, at 95¾, and left closing gains elsewhere in the longs of around ½, with Treasury 11¾ per cent 2003-07 that much dearer at 112½. The shorts ended ⅛ higher.

Index-linked issues, however, traded lower after-hours following the announcement of fresh Government funding in this area via further tranches of £100m of Treasury 2½ per cent 2001 and £150m of 2½ per cent Treasury 2020 and closed ⅛ to ¼ easier.

Prov. Financial up

Provident Financial continued to highlight an otherwise drab banking sector, rising 5 more to 277p for a gain on the week of 17 in response to persistent bid gossip. Apart from Midland, which edged forward a couple of pence to 392p, clearing banks drifted lower. NatWest ended 10 down at 628p and Barclays relinquished 3 to 372p.

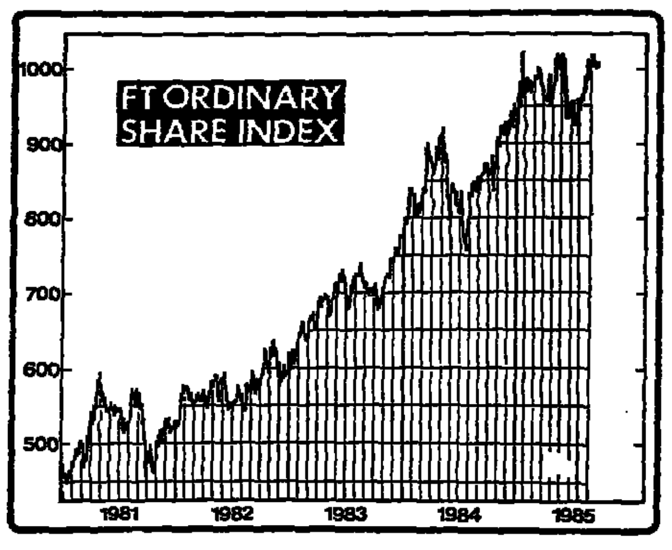
Fears of substantial claims arising from the Mexican earthquake disaster prompted a decline of 9 to 673p in Royals. Among Lloyds Brokers, Minet hardened a few pence to 217p, but Dewey Warren came on offer at 203p, down 13.

Leading Breweries lacked a decided trend. Revived bid chatter stimulated Scottish and Newcastle, finally 6 to the good at 172p, but Allied-Lyons eased a few pence more to 270p. Greenall Whitley advanced to 195p before settling a net 8 higher at 190p in belated response to a newsletter recommendation. Manchester-based Boddingtons hardened a few pence to 92p on satisfaction with the interim figures.

The majority of leading Building issues marked time ahead of next week's batch of important trading statements, but Blue Circle continued to attract buyers and moved up to 532p before easing back on profit-taking to close 3 cheaper on the day, but 20 higher on the week at 520p. Barratt Developments attracted a reasonable trade ahead of next Tuesday's annual results and touched 104p prior to closing unchanged at 102p. Rugby Portland Cement, half-timer due on September 30, firmed 4 to 127p. Elsewhere, John Laing gained 11 to 274p on Stansted Airport contract hopes, while Y. J. Lovell rose 6 to 262p on news that the company had signed a building contract worth £9.5m with MEPC. Recently-neglected Tilbury Group revived with a gain of 6 to 126p, but Magnet and Southerns came on offer and fell 8 to 130p. USM-quoted Acess Satellite slipped to 165p before late support left the close 5 cheaper on balance at 170p.

ICI came under selling pressure on currency influences and closed 12 down at 647p, after 644p. Laporte firmed 4 to 322p following comment on the interim results, and buyers returned for Wardle Storeys, 3 dearer at 208p. Leigh Interests, up a penny more at 91p, continued to reflect a broker's circular.

Leading Retailers opened on a bright note reflecting the encouraging tone of the latest CBI/FT survey of the distributive trades. Best levels were not always maintained, but gains still extended into double-figures. Woolworth, additionally buoyed by a clutch of brokers' "buy" recommendations, touched 480p before settling 10 to the good at 475p. Burton attained a new peak of 520p, prior to closing 9 up on balance at 517p. Combined English hardened the turn to 162p in front of Monday's half-timer. Secondary Stores, selectively buoyant on Thursday, encountered profit-taking initially, but often rebounded from the lower levels. Martin Ford featured in the after-hours' business and recovered from 49p to close a net 2 up at a new high of 56p as talk of a 90p per share bid resurfaced. Owen Owen, down to 415p earlier, closed only 10 cheaper at 425, but Clayform Properties which had denied reports that it intended to dispose of its 11.6 per cent holding in Owen Owen, improved 13 to 208p. Further consideration of the recovery in full-year profits lifted Amber Day to 8½p.



Unitech dull after AGM

Leading Eletcricals failed to consolidate on Thursday's strength. British Telecom eased 5 to 199p following profit-taking in the wake of te better-than-anticipated first-quarter statement. Similar losses were sustained by GEC, 164p, BICC, 223p, and Thorn EMI, 372p. Unitech slumped 20 to 203p in reaction to the profits warning delivered at the annual meeting. Electrocomponents fell 7 to 303p in sympathy. SCUSA revealed interim profits in excess of most market expectations and touched 98p before closing 4 up on balance at 96p. Continental Microwave, scheduled to announce preliminary figures on Monday, advanced 25 to 345p, while buyers also showed interest in International Signal and Control, 12 higher at 315p In contrast, continued disappointment with the agreed bid terms from Telephone Rentals clipped 10 more from Cass at 125p—a two-day fall of 55. Micro Focus were particularly volatile; down to 105p initially, the shares staged a smart recovery and finished 10 up on balance at 140p following news of two contracts awarded to its California-based subsidiary.

Engineerings provided numerous firm features most notably TI which raced ahead to 410p before closing a net 16 higher at 404p on talk of an imminent fall-scale bid from Evered Holdings; on Thursday Evered announced it had exercised its option to purchase a further 4.25m TI shares thereby increasing its stake to 14.7 per cent. Vickers continued to improve on buying ahead of the interim figures expected next Thursday, while Burgess Products, the subject of favourable Press comment in mid-week, advanced 10 more to 148p. Takeover speculation prompted renewed demand for Thomas Robinson, up a further 11 at 114p for a week's gain of 26. A report from the Process Plant Economic Development Committee forecasting a 16.6 per cent increase in spending on process plant building works promoted strong buying of Matthew Hall, 11 better at 185p. Simon, a weak market since Monday's disappointing interim figures, rallied 8 to 210p, thereby reducing the fall on the week to one of 18.

Argyll Group remained in the spotlight among Foods and touched 343p on takeover speculation before closing a net 8 up at 340p, a two-day rise of 17. Dee Corporation were supported following the chairman's confident statement at the annual meeting and rose 13 to 303p, but Normans, a firm market recently on takeover hopes, shed 1½ to 78p after the chairman's denial of any bid approaches. Profit-taking in the wake of the good interim results left William Morrison 10 down at 154p, but comment in the "Financial Times" stimulated Northern Foods which firmed 8 to 286p. Cliffords Dairies A attracted late buying interest and put on 9 to 144p in a restricted market.

A newsletter recommendation prompted support for Breakmate, up 8 at 127p, but news of the aborted George Bateman negotiations left Midsummer Inns 35 down at 240p. Speculation about a possible merger lifted First Leisure 25 to 348p and Kennedy Brookes 3 to 260p, after 265p.

Blundell fall

The miscellaneous industrial leaders ended the first leg of the Account on an irregular note. Glaxo softened ⅛ to £13 on currency influences, but Fisons hardened a couple of pence to 353p. Hanson Trust edged forward a penny to 204p and recently-dull Trafalgar House were a shade dearer at 355p. British Aerospace, a firm counter recently on the proposed UK Saudi Arabia military aircraft contract, eased 6 to 405p, but retained a gain on the week of 27. Elsewhere, Australia's Broken Hill Proprietary firmed 6 to 376p on reports that Adelaide Steamship and Bell Group now speak for around 14 per cent of the equity. Comment on the agreed acquisition of printing suppliers and manufacturers Frank Horswell Group stimulated Cookson which rose 16 to 298p, while further consideration of the results lifted William Baird 18 to 398p. Scottish Heritable gained 10 to 102p following a bear squeeze and Bestwood rose the same amount to 410p in a restricted market. On the other hand, Blundell Permoglaze came under selling pressure following the dismal interim figures and slumped 19 to 90p, while Falcon Industries shed 3 to 26p, after 23p following poor results. Fergabrook were also a weak market and fell 7 to 27p, but Hawtal Whiting closed 10 higher at 395p in reply to good interim results. Pentland Industries attracted revived support at 295p, up 15 and Prestwich rose 13 to 178p. Burns Anderson were quoted at 63p ex rights up 3½; the new nil paid shares opened at 14p premium and touched 17p premium before closing at 15p premium.

Bristol Evening Post provided the only noteworthy feature among Publishers, rising 15 to 500p following news that Kent Holdings now control over 15 per cent of the equity. Advertising agencies highlighted fresh support for Boase Massimi Pollitt which advanced 15 to 350p in front of next Tuesday's half-timer.

Properties, firm on Thursday following publicity given to a broker's bullish circular, usually managed further modest progress. Land Securities edged up a couple of pence more to 320p and Haslemere Estates rose 8 to 496p. Slough Estates were 2 dearer at 152p and Stock Conversion 5 better at 570p. Elsewhere, renewed demand in a restricted market lifted London and Edinburgh 12 for a two-day gain of 26 to 322p. Speyhawk continued to reflect favourable comment with a fresh rise of 10 to 267p, while a sudden burst of speculative buying lifted Marler Estates 18 to 140p, after 145p. Estate agents Hanover Investments found support at 145p, up 13.

Financials remained irregular. Occasional support in restricted markets lifted Henderson Administration 60 to 820p and Brint Investments 15 to 120p. IFICO continued to give ground, however, and closed 11 lower for a two-day decline of 38 at 150p on further consideration of the annual results and warning on profit margins.

Oils easier

The oil majors were little changed during the morning session but drifted lower in the afternoon reflecting the strength of sterling against the dollar following the lower than expected "flash" estimate of U.S. GNP. Shell settled 8 down at 675p and BP gave up 4 to to 536p. News of another drilling success off the coast of West Africa failed to inspire LASMO which gave up 5 to 278p.

Elsewhere, Jebsens Drilling slumped 15 to 1985 low of 50p in the wake of the sharply increased interim losses. Invent Energy were trading at £15⅜ in front of the excellent preliminary results and accompanying statement but subsequently eased to close a net ¼ lower at £15.

Cons. Gold advance

Mining markets ended a week of minor movements on a steady note. South African Gold and related issues opened little changed on overnight levels and held relatively steady until the early afternoon when news of the latest U.S. economic data produced an easier trend in the dollar. The bullion price failed to show any further strength and remained around $319 on the news, but Gold shares ticked upwards in response to modest American demand. Sterling prices for Golds were restrained by the firmness of the pound but still closed with widespread although generally modest gains on balance.

The Gold Mines picked up 2.0 at 310.6 to show a 6.7 decline over the week.

Features in Golds were few and far between with the leading heavyweights generally around ¼ firmer, as in Libanon, £10⅜ and Vaal Reefs, £52.

South African Financials were little changed overall but Gold Fields of South Africa attracted modest Cape support and settled 32 higher at 863p. London-domiciled Financials showed Consolidated Gold Fields a further 7 better at 450p, making a week's gain of 20, on further consideration of the much-better-than-expected preliminary results announced Tuesday. On the other hand, Rio Tinto-Zinc remained a weak market on switching into Gold Fields and also reflecting persistent selling abhead of the half-year figures scheduled for Wednesday.

The Australian market's response to the taxation package announced by the Federal Government on Thursday was mixed. The mining sector showed a majority of minor falls as did oil and gas issues. In Golds, Central Norseman and Poseidon dipped 5 apiece to 408p and 193p respectively, while the leading diversified stocks showed MIM Holdings 4 cheaper at a 1985 low of 124p and CRA a like amount off at 268p. Among the speculative issues Terrex hardened a few pence to 36p and Pelsart rose 2½ to a year's best of 20½p.

Traded Options finished the week on a relatively subdued note. Total contracts transacted amounted to 7,669 comprising 4,819 calls and 2,850. Currency options attracted the lion's share of business, but among the equity lists, British Aerospace attracted 254 calls and 234 puts, while Imperial Group and Courtaulds recorded 420 and 403 calls respectivley.

FINANCIAL TIMES STOCK INDICES

	Sept. 20	Sept. 19	Sept. 18	Sept. 17	Sept. 16	Sept. 13	year ago
Government Secs	83.39	83.19	83.28	83.25	83.15	82.94	80.26
Fixed Interest	88.65	88.56	88.56	88.40	88.33	88.33	83.47
Ordinary ♥	1002.2	1007.8	1000.8	1002.7	1007.7	1011.9	871.4
Gold Mines	310.6	308.6	316.4	315.4	317.4	317.3	542.3
Ord. Div. Yield	4.75	4.72	4.75	4.74	4.72	4.71	4.79
Earnings, Yld. %(full)	11.65	11.57	11.66	11.63	11.58	11.54	11.40
P/E Ratio (net) (*)	10.63	10.70	10.62	10.64	10.70	10.73	10.54
Total bargains (Est.)	21,040	20,647	20,598	20,720	21,429	23,742	19,504
Equity turnover £m.	—	373.30	371.34	315.57	327.29	530.65	289.75
Equity bargains	—	16,265	17,057	17,856	18,762	21,356	16,357
Shares traded (ml)	—	178.2	200.2	164.4	172.0	245.7	152.1

♥ 10 am 1,008.8. 11 am 1,006.9 Noon 1,008.2. 1 pm 1,005.2. 2 pm 1,004.7. 3 pm 1,003.2, 4 pm 1,002.4.

Day's High 1,009.3. Day's Low 1,001.5.

Basis 100 Govt. Secs. 15/10/28. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/56. SE Activities 1974.

Latest Index 01-246 8026.

* Nil = 10.24.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.81 (23/8)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	911.0 (25/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	280.1 (23/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Sept. 19	Sept. 18
Daily Gilt Edged Bargains	96.2	117.9
Equities Bargains	105.4	110.5
Value	754.5	750.6
5 day Average Gilt Edged Bargains	119.7	124.3
Equities Bargains	118.3	119.1
Value	776.4	774.3

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 23	Oct 4	Dec 19	Jan 6
Oct 7	Oct 18	Jan 9	Jan 20
Oct 21	Nov 1	Jan 23	Feb 3

For rate indications see end of Unit Trust Service

Call options were taken out in Barratt Developments, Polly Peck, Terrex, Monument Oil and Gas, Marler Estates, Ashley Industrial Trust, Molins, S. & W. Berisford, Armstrong Equipment, Bestwood, Bullers, Wyco, "The Times" Veneer and McFinlay Red Lake. No puts were reported, but a double was transacted in Harold Ingram.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, September 19, 1985.

Telephone Networks	+31.60	Merchant Banks	+ 7.97
Office Equipment	+30.73	Building Materials	+ 7.62
Newspapers, Publishing	+29.31	Banks	+ 7.22
Insurance (Life)	+27.28	Industrial Group	+ 6.99
Stores	+26.17	500-Share Index	+ 6.95
Packaging and Paper	+25.73	All-Share Index	+ 6.87
Shipping and Transport	+24.74	Oils	+ 6.54
Brewers and Distillers	+23.79	Health and H'sehold Products	+ 5.06
Metals and Metal Forming	+21.35	Food Manufacturing	+ 3.33
Motors	+20.46	Investment Trusts	+ 3.31
Insurance (Composite)	+17.04	Property	+ 2.92
Other Group	+14.20	Leisure	− 2.43
Other Industrial Materials	+14.07	Overseas Traders	− 5.55
Food Retailing	+11.58	Capital Goods	− 6.18
Contracting, Construction	+11.38	Chemicals	− 6.97
Consumer Group	+10.89	Mining Finance	− 7.03
Financial Group	+10.01	Electricals	− 8.16
Textiles	+ 9.43	Tobaccos	−17.44
Mechanical Engineering	+ 9.17	Electronics	−32.21
Insurance Brokers	+ 8.19	Gold Mines Index	−35.56

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§59	F.P.	9/8	65	58	✻ATA Selection 5p	64	......	bg1.5	2.6	3.3	17.4
67	F.P.	6/9	88	69	✻Aberd'n Steak H. 5p	80	......	ug2.2	2.0	3.9	18.1
‡‡	F.P.	—	£22	£19	Alex. & Alex. c. $1	£20½	......	—	—	—	—
§34	F.P.	20/9	41	35	Anglo Utd. Dev.	41	......	bd1.05	2.1	3.6	18.4
—	F.P.	—	7	6	Bardsey Pfd. Ord.	7	......	—	—	—	—
185	100	1/11	148	117	Britoil 10p	128	+1	t15.0	3.0	8.7	6.1
‖ ¶	F.P.	—	145	140	Business Mort. Tst.	140	......	u1.51	3.9	1.5	24.0
¶70	F.P.	20/9	75	69	Conrad Hldgs.	73	−1	bg3.5	2.2	6.9	9.7
§115	F.P.	6/9	130	118	ControlTechniques10p	130	......	bg2.7	2.7	3.0	16.8
§51	F.P.	—	52	48	✻Dean Park Hotels	49	−1	—	—	—	—
‖ ‖	F.P.	—	123	93	Greenwich Resources	93	......	—	—	—	—
§20	F.P.	27/9	29	25	✻Israel (Jack L.) 4p	28½	−½	60.5	2.3	2.5	24.3
§79	F.P.	—	87	80	✻Kewill Systems 5p	84	−2	g1.2	4.3	2.0	15.3
§110	F.P.	6/9	115	98	✻Lewmar	115	......	u2.625	3.0	3.3	14.2
¶65	F.P.	30/8	72	68	✻Lysander Pet. 5p	68	......	—	—	—	—
105	F.P.	4/9	107	87	✻Moss Advertising5p	97	......	bg2.45	3.0	3.6	15.8
§180	F.P.	—	184	170	✻Questel 10p	175	+5	bg4.0	3.5	3.3	12.6
150	F.P.	9/8	125	85	✻Sapphire Petm.50p	85	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
87.305	£30	—	30⅞	29⅝	Australia 9½% Ln. 2012	30 3/16	+ 1/16
¶91.443	£30	—	28¾	27½	Bank of Greece 10¾% Ln. 2010	28¾	+ ⅛
§96.456	£25	27/11	26¾	25⅝	Brixton Est. 10¾% 1st. Mort. Deb. 2025	26½	+ ¼
¶100	£10	—	13¾	13½	Eastbourne Water 8¾% Red. Prf. 1995	13½	......
§98.324	£40	—	41¾	41½	Est. & Gen. Inv. 11¼% 1st Mort. Deb. 2018	41¾	......
§97.617	£25	—	25¾	25¾	Evans of Leeds 11% 1st. Mort. Deb. 2025	25¾	......
‡‡	F.P.	25/10	112	105	Guinness 8¼% Cnv. Uns. Ln. 1996/2001	108	......
88.466	£30	24/1	31 1/16	29⅝	Intl. Bk. for Rec. & Dev. 9½% Ln. 2010	30 9/16	+ 1/16
§100	F.P.	—	92½	84½	✻Memory Comp. 7.8% Cnv. R. Pf 1994/8	92½	......
—	—	—	100	99 9/16	Nationwide 11¼% Bds. 1/9/86	100	+ ⅛
—	F.P.	—	100	99 1/16	Do. 11 5/16% Bds. 15/9/86	100	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
DM180	Nil	—	90pm	55pm	BASF A.G. DM 50	90pm	......
47	F.P.	—	60	55	Brit. Vending 10p	58	......
48	Nil	—	17pm	14pm	Burns-Anderson 10p	15pm	......
85	Nil	—	35pm	20pm	City Site Estates	30pm	......
210	Nil	—	60pm	40pm	Emess Lighting	45pm	......
11	Nil	—	¾pm	¼pm	Greenfield Blacks 10p	¼pm	−¼
62	F.P.	—	95	58	Greenwich Resources	93	+5
185	100	28/10	130	99	Hanson Trust	118	......
5	Nil	—	7pm	7pm	Howard & Wyndham 5p	7pm	......
15	F.P.	—	19½	17	RTD Group IR 1.75p	19	......

*Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully paid. ‖‖ Introduction. ✻ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).*

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (98)

BRITISH FUNDS (20)

INTL. BK. & O'SEAS GOVT. STLG. ISS. (3)
African Dev Bk. 11½pc Ln 2010; Int.-Am. Dev. Bk. 12½pc 2003; N.Z. 11¼pc 2008

CORPORATION LOANS (2)
B'ham 11½pc 2012; Herts. 6¼pc '85-87

COM'WEALTH & AFRICAN LOANS (1)
N.Z. 7¼pc 1988-92

BANKS (2)
Deutsche Bank; Provident Financial

BREWERS (1)
Boddingtons

BUILDINGS (3)
Breedon Lime; Roberts Adlard; Lovell (Y. J.)

CHEMICALS (1)
BASF AG

STORES (5)
Burton; Kent (John); Caird (A.); Time Products; Ford (Martin)

ELECTRICALS (1)
Thermal Scientific

ENGINEERING (7)
Cronite; Robinson (Thos.); Hall (Matthew); Telfos; Priest (Ben); Thyssen; Do. 8pc Cnv. Red. Pf.

FOODS (5)
Clifford's Dairies A N-V; Northern Foods; Slaters Food; Dee Corp.; Somportex

HOTELS (1)
Breakmate

INDUSTRIALS (21)
Baird (Wm.); Prestwich; Bluebird Toys; Radiant Metal; Bodycote Intl.; Scottish Heritable; Burns-Anderson; Siebe; Clarke (Clement); Sketchley; Duport; Soter; EIS; Third Mile Inv.; Hepworth Ceramic; Tomkins (F. H.); Hestair; Triefus; Maclellan (P. & W.); Watson (R. K.); Portals

INSURANCE (1)
Allianz AG

LEISURE (4)
A. & M. Hire; Pleasurama 7pc Cnv. Cum. Red. Prf.; Boosey & Hawkes; First Leisure

MOTORS (1)
Sopra

PAPER (1)
Michael (J.) Design

PROPERTY (10)
Capital Counties 8¼pc Ln 1999-04; Hanover Inv. Bldgs.; Cardiff Property; London & Edinb. Tst. Do. 6½pc Cnv. Pf.; Clayform Props.; Rosehaugh; Gable House 10¼pc Cnv. 1995-99; Speyhawk; Stock Conversion

TRUSTS (5)
Archimedes Inc.; Hampton Trust; General Funds; Park Place Inv.; M. & G. 2nd Dual Inc.

OILS (1)
Invent Energy

MINES (2)
Pelsart Resources; Tara Exploration

NEW LOWS (48)

AMERICANS (7)
CityFed Fin. Corp.; Lockheed Corp.; Fin. Corp. Amer.; Microcomputer Mems; First Chicago; United Technology; Gt. Western Fin.

CANADIANS (2)
Canadian Pacific; Imperial Oil

BANKS (1)
HK & Shanghai

BUILDINGS (2)
Access Satellite; Phoenix Timber

CHEMICALS (1)
Engelhard

STORES (2)
Gee (Cecil); Greenfield Blacks

ELECTRICALS (6)
Acorn Computer; Mnemos; Circaprint; Northern Telecom; Micro Focus; Plasmec

INDUSTRIALS (10)
Billam (J.); Restmor; Blundell-Permoglaze; Rotaprint 11½pc Cnv. Prf.; Eastern Produce; Falcon Inds.; Sharna Ware; Fenner (J. H.); Wood (Arthur); Fergabrook

INSURANCE (1)
Dewey Warren

PAPER (3)
Good Relations; Thorpac; Ogilvy

PROPERTY (1)
Land Lease

SHIPPING (1)
Mersey Dock Units

TRUSTS (3)
Pac. Inv. Tst. Wts.; Yule Catto; Plantation Trust Wts.

OILS (2)
Gt. Western Res.; Jebsens Drilling

OVERSEAS TRADERS (1)
Inchcape

PLANTATIONS (2)
Anglo-Indonesian; Rowe Evans Inv.

MINES (3)
CRA; MIM Hldgs.; Kitchener Mining

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	87	8	12	276	68	191
Corporations, Dom. and Foreign Bonds	22	2	54	78	22	282
Industrials	283	272	929	1,331	1,411	4,677
Financial and Props.	118	72	385	511	465	1,801
Oils	9	25	91	84	188	375
Plantations	1	3	14	12	21	57
Mines	43	26	111	167	274	459
Others	43	82	106	291	364	509
Totals	606	490	1,681	2,748	2,791	8,361

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Blue Circle	520	− 3	Micro Focus	140	+10
Davy Corp	117	+ 2	Portals	620	+25
Distillers	393	− 2	SCUSA	96	+ 4
Greenall Whitley	190	+ 8	Utd Scientific	200	+10
Ind. Fin. & Inv.	150	−11	VW Thermax	60	+ 5
Lon & Edin Tst	322	+12	Woolworth	475	+10

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Assoc Br Ports	19	342	+19	Thorn EMI	13	377	+ 7
British Aero	17	411	+11	Trafalgar Hse	13	364	− 7
Allied-Lyons	16	272	− 4	Woolworth	13	465	−15
Rowntree Mack	15	373	+11	Argyll Group	12	332	+ 9
Hambros	14	165	− 5	Ford (Martin)	12	54	+ 7
Brit Telecom	13	204	+ 5	ICI	12	659	+ 2

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
British Aero	136	411xd	+39	STC	75	92	− 2
LASMO	96	283xd	+19½	Lucas Inds	72	375	− 6
ICI	92	659	−21	BP	71	540	− 5
Burmah Oil	81	290	−14	Distillers	71	395	+ 8
Imperial Group	80	280	−14	Thorn EMI	71	377	−10
Shell Trans	77	683xd	− 7½	GEC	70	198	− 2

S. E. DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS (coupons payable in London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—J—K

L—M

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the three previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Moss Bros (20p) 460 (17/9)
Mount Charlotte Invests 9½pcCnvLn 1995-2000 £343 (17/9)

N—O—P

NSS Newsagents 10pcCnvLn 1990-2000 £140½ 3 (17/9)
Newarthill 8½pcPf (£1) 64
News International 6pc2ndPf (£1) 68
Noble Lund (10p) 29½ 30½
Norcros 5pcPf (£1) 59 (18/9)
Nortonus Gp 8½pcCnvLn 1999-2004 £115 8
Norsk Data AS B(N-Vtg) (NK20) £33.3 (13/9)
Northern Engng Inds 9pcLn 1990-95 £83½ (17/9)

Taylor Woodrow 7¼pcLn 1987-90 £85¼ (17/9)
Television South 14/20pcLn 1986-88 £115½. 10pcLn 1997 £115 (16/9)
Tenneco 10pcLn 1991-95 £166 (17/9)
Thomson Organisation 4.72pc1stPf (£1) 58. 5.83pcPf (£1) 70 (18/9). 21.7pcPf 68½ 9. 3pc1stDb 1964-94 £71. 7¼pc Ln 1987-92 £78½
Thomson T-Line 36 (18/9)
Thorn EMI 5pcLn 2004-09 £49 (18/9). 7¼pcLn 2004-09 £72 (18/9). 8½pcLn 1989-94 £85¼ (13/9)
Tilling (Thomas) 4.55pcPf (£1) 55. 5.25pc Pf (£1) 66. 8pcDb 1985-90 £88. 8½pcLn 1989-94 £85¼
Time Products 7pcDb 1985-90 £80 (18/9)
Tomkins (F. H.) 9½pcLn 1994 £2030

Derby Cap (10p) 104 (16/9). Wts 35 (16/9)
Drayton Consd 3.5pcPf £44½ (17/9). 5½pcDb 1983-88 £88¼ ½ (18/9)
Drayton Premier 5pcPf £48 (17/9)
Edinburgh American Assets 8pcLn 1973-1998 (£1) 770
Edinburgh Fin Wts 14½ (13/9). 13¼Db 2003 £112½
Edinburgh Inv 3.65pcPfd £43½ 4 (13/9). 11½pcDb 2014 £108¼ (17/9)
English Scottish Investors B 73 (13/9)
English National Invest Pf (£1) 139 (17/9) Df 81 (17/9)
F C Pacific Invest Tst Wts to subsc for Ord 29 (18/9)
First Union General Invest Tst (R0.25) 115 (17/9)

UNLISTED SECURITIES MARKET

A.T.A. Selection (5p) 83½ ½ 5 (17/9)
Aberdeen Steak Houses (5p) 80 1 2
Access Satellite (5p) 175 80
Biomechanics (10p) 23 (17/9)
CCA Galleries (10p) 87 8 90
Cannon St Inv 7.7pc 1994-98 230
Clyde Oil Wrnts for B 8 (18/9)
DDT Go (5p) 144½ 5 53 5
Dean Park Hotels 49
Eldridge, Pope A (£1) 2320
Gibbs Mew 138
Goodhead Print (20p) 86 8 (17/9)
Gould (Laurence) 113
Heavitree Brewery 390 (13/9). A 325 30

Estates and General Investments 11.25pc 1stDb 2018 (£40pd 3/12) £41½ ½ ⅝ (18/9)
Estates Property Investment 7¼pcLn 1989-1992 £82 (18/9)
Euston Centre Properties 10.4pc1stDb 1992-97 (£94¼) (16/9)
Five Oaks Investments 7pc2ndPf (£1) 48 (17/9)
Green Property (Ir£0.25) 65 (16/9)
Hammerson Prop Inv and Dev 455
Haslemere Estates 9pcLn 2001-06 £129 30½
Heron Corpn 10¼pc1stDb 1996-2001 £95¾ (16/9)
Kennings Estates 5½pcPf (£1) 47
Land Securities 7¼pc1stDb 1991-96 £79 (18/9). 9pc1stDb1 9996-2001 £84½ (18/9). 8½pcLn 1992-97 £80½ 1¼
Lewis (John) Properties 10pcDb 1991-96 £95 (17/9)
London County Free and Leas Prop 6¼pc 1stDb 1986-95 £76¾
London Shop Property Tst 3.85pcPf (£1) 43. 8½pcLn 1987-97 £79
MEPC 4½pcPf (£1) 38½. 5¼pc1stDb 1984-89 £83½ (17/9). 9¾pc1stDb 1997-2002 £89½. 8pcLn 2000-05 £74. 6½pcLn 1995-2000 £93 ½
Municipal Properties (50p) £22½ (16/9)
Palmerston Investment Tst 420 (18/9)
Property Hldgs and Inv Tst 8½pcLn 2001-2006 £127 9 (17/9)
Reliable Properties 170 (13/9)
Town and City Properties 7¼pc1stDb 1991-96 £15 6 (18/9)
Town Centre Securities 9pcLn 1996-2000 £113 (17/9)
Wates City of London Properties 116 21 2
Westminster and County Props 9pcLn 1989-94 £73 (13/9)

PLANTATIONS

Anglo-Indonesian Corpn 9½pcPf (£1) 223 (16/9). FltgRateLn 1985-88 £80 (16/9)
Dunlop Plantations 6pcPf (£1) 50 2½
Guthrie Corpn 9¾pcLn 1992-97 £78 (18/9)
Hidong Estate (10p) 83 (17/9)
Inch Kenneth Kajang Rubber (10p) £7½♦
McLeod Russel 5pcPf (£1) 54
Malakoff Berhad (M$1) 86 ½ (13/9)
Padang Senang Hldgs (10p) 73 (17/9)
Plantations and General Invs 9pcLn 1999 £101 (18/9)
Rombia Rubber (5p) 86
Ruo Estates Hldgs 500 (17/9)
Wesern Dooars Tea Hldgs £1)(550 (17/9)

RAILWAYS

Black-Sea Kuban Railway 4½pc £2 (13/9)
Canadian Pacific 4pcPf 55 (17/9)
Kahetian Railway 4½pc 1912 £2 (13/9)
Malawi Railways 3½pc1stDb (1966-88) £75 (18/9)
New Bruswick Railway 4pcDb £33

SHIPPING

Caledonia Inv 5pc Cum B Pf (£1) 42 6½
Graig Shipping A Non V (£1) 620 40 (18/9)
Lyle Shipping 6¼pc Cum Pf (£1) 29 (16/9)
P and O 5pc Cum Pf £43 4¼ (18/9). 6¼pc Cnv Red Pf (£1) 125 6 8
S'hampton Steam (50p) 213 5 (13/9)

UTILITIES

Barton Trans Dfd (160p) 135♦
Calcutta Elect Equity (Ru10) 59 (16/9). 7½pc Cum Pf (Ru10) 24 (16/9)
Jersey Elect A (£1) 112‡ 3½‡
Manchester Ship Canal 5pc Perp Pf (£1) 63½ (18/9)
Mersey Docks Comb units 30 ½ 1 ½. 3¼pc Red Deb 1979-89 £71. 3¾pc Red Deb 1979-89 £69 (16/9). 6½pc Rtd Deb 1994-97 £58½ (17/9). 6¾pc Red Deb 1996-99 £55
Milford Docks 3½pc Deb £26 (18/9)

WATERWORKS

Bristol 4pc Irrd £30 (1/9)
Chester .15pc Pf £30 (13/9)
Colne Valley 4.9pc £52 (17/9). 2.8pc £29¼ (13/9)
East Anglian 2.8pc £28 (18/9). 7pc 1987-89 £86½
East Surrey 7pc £59‡ (17/9)
East Worcestershire 7pc 1989-91 £75 (18/9)
Eastbourne 10½pc 1995-97 £95
Essex 7pc 1987-89 £87 (17/9). 10pc 1992-94 £93 (18/9)
Mid Kent 12pc 1990-92 £104½ (18/9)
Mid-Southern 3.5pc £39 (18/9). 4.2pc 1984-86 £87‡ (18/9). 7¼pc 1991-93 £77½ (17/9)
Mid-Sussex 4.9pc £54½
North Surrey 4.9pc £48 (16/9). 5¼pc £33 (18/9)
Portsmouth 3.5pc £41¾ (16/9). 4.025pc 1984-86 £09¼ (18/9)
Rickmansworth 3.5pc £41 (18/9). 4.9pc 1987-88 £85½♦
South Staffs 4.2pc 1983-88 £850. 4.9pc 1988-90 £80. 4pc £30. 7pc 1988-90 £84½ (16/9)
Sunderland and South Shields 4.2pc 5-68 £60 (16/8)
Tendring Hundred 4.2pc (£10) 290 350 (16/9)
West Hampshire 4.2pc (£10) 300
York 4.9pc £51 (16/9). 7pc 1986-88 £89 (13/9)

Nedbank Group 290 (13/9)
Negri River Corp 33
Niagara Mohawk Power Corp £14½♦ (13/9)
Nicholas Kiwi Aust 97♦
Nippon Steel Corp 236 (13/9)
Noranda Inc £8
Ohio Edison £10½ (13/9)
Oil Search 17 ¼
Ollmet Res 22 5 (18/9)
Overseas Chinese Bank Corpn 230.55 (17/9)
Pancontinental Pet 14½ (16/9)
Pernod-Ricard £57½♦ (17/9)
Petro Energy 8½ (16/9)
Pet Sec Aust 77♦ (16/9)
Philip Morris Inc US$77⅛ (18/9)
Pioneer Concrete Services 100
Polaroid Corp £23 (18/9)
Poseidon 195 7
Regal Hotels (Hldgs) 11♦ 12♦ 11
Sandgate Corp US$27 (16/9)
Schering AG £132♦ (17/9)
Selangor 69
Shell Canada Class A £13½♦ (18/9)
Siemens AG £156½♦ 5½ 6⅛ DM 608
Smith Howard 300♦ (17/9)
Sonora Gold Corp 300♦ (18/9)
Square Gold and Mins 10½ (18/9)
Standard Oil of Ohio £32½♦ (18/9)
Stirling Pet 2¼ (18/9)
Straits Trading C$3 (17/9)
Swire Pacific B 35 (16/9)
Tandem Res 145 (18/9)
Tandy Corp £22½♦
Terramar Res 50 (18/9)
Terrex Res 38½♦ 3 ½
Thyssen AG DM 138½ 9
Tooth 200
Treasure Valley Expl 70 (13/9)
Tri-Continental Corp £18.60 (13/9)
Unilever N-V (Fl 20) £78½♦
Upjohn £60½♦ (17/9)
Valiant Consid 14 (16/9)
Veba AG 235♦ (17/9)
Vereeniging Refractories 180 200 (18/9)
Volkswagenwerk AG DM 337 42 3 (18/9)
Waste Management £42 (13/9)
Westfield Mins 70 (16/9)
Westinghouse Elec £28½♦ (18/9)
Westmex 15 (13/9)
Westralian Sands 65 (18/9)
Weyerhaeuser US$27½♦ (13/9)
Wooltru Ord 370 (17/9)
Wooltru Class A 385
Zanex 17 (16/9)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds 26 ½ 7 (16/9). (1p) 24½ 5½ 6 (16/9)
Air Spring (10p) 55 ¼ (17/9)
Anglo-Am Agric 51 3 (18/9)
Appleton (10p) 38 40 (13/9)
Arsenal FC (£1) £520 30 (13/9)
Avesco (£1) 55 (13/9)
Batsford (£1) 300 (13/9)
Brown (A) Sons (£1) 110 ½ (13/9)
Burrough (J) 233 (18/9)
Cambridge Instrument (5p) 100 3
Castletown Brewery 255
Channel Hotels Props (10p) 110 (18/9)
Conister Trust 95 (13/9)
Crubb (10p) 163 5 71 2 (17/9)
Douglas Gas Light (£1) 120
Explaura (5p) 1 ¼ (16/9)
Five Arrows (£1) 317 20
GRI Electronics (10p) 410 (18/9)
Galaha Ceylon Tea (20p) 12½ (16/9)
Gale (G) (£1) 347 50
Grampian TV (10p) 32 5 (17/9)
Greenstar Hotels 25 6 (17/9)
Guernsey Gas Light (£1) 245 (13/9)
Harvard Secs (7p) 26½ 7 ¼
Hill Woolgar (£1) 191 3 (13/9)
ICE (1p) £13 50p (13/9)
Intnl Embryos (10p) 135 40 (18/9)
Island Garages (10p) 9 (18/9)
Jennings Bros 189 92
Jennings Bros 6½pcPrf (£1) 52 5 (13/9)
Jersey Elect (5pcPf (£1) 50 (17/9)
Jersey Gas (£1) 200 (16/9). 5pcPrf 22½ (17/9)
Jersey New Wtrwks (£5) 550 (17/9). 10pcDb 1988-90 £88pc (17/9). 12½pc Db 1985-87 £100pc (18/9)
Kurick Leisure (10p) 50 ½
Le Riches Stores (£1) 540
London Fiduciary Trst (10p) 10 ½ (16/9)
Man Ldn Inv Trst (50p) 148 50 (13/9)
Man Utd Fc (£1) 390 400
Merlin Intnl Props 31 (18/9)
Mid Sthrn Wtr 6pcDb £38pc 40pc (16/9)
Norton Villiers Triumph (10p) 4½ 5½
Oldham Brwry 6pcLn 1987-91 £59pc 62pc (15/9)
Pinneys 145 (18/9). 8¼pcPrf (£1) 100 (18/9)
Sth Quay Invs (£1) 120
Sthrn Newspapers (£1) 185 90 (17/9)
Teddale Invs (10p) 8 9
Winchmore 41½ 2
Wolverhampton Racecourse 173 5 (18/9)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Expln (Ir25p) 5 (13/9)

(By permission of The Stock Exchange Council)

Talbot Motor 5½pcDb 1984-89 £82½ (17/9)
Tarmac 8¼pcLn 1990-95 £84¼ (17/9)
Tate and Lyle 6½pcPf (£1) 57 (17/9). 5½pcDb 1980-85 £99½ ¼. 6¼pcLn 1985-90 £81½. 13pcLn 1994-99 £161

Border Southern Stockholders 11½pcDb 2014 £102½ (16/9)
British Assets 4½pcPf £39½ (18/9). 5pc APf £42 (17/9)
British Inv 5¼pcPf £43 (16/9)
C.S.C. 150

APPOINTMENTS

General manager designate at CWS

Mr James Forbes has been appointed general manager designate of the CO-OPERATIVE WHOLESALE SOCIETY Retail Operations Group based in Glasgow. He will succeed **Mr Robert Gilchrist**, general manager, ROG, who retires in September next year. Mr Forbes is currently regional general manager of the group's northern region centred on Inverness. He has spent his entire business career with the Co-op, joining the former SCWS in 1948 after leaving the forces. ROG is responsible for CWS retail operations throughout Scotland and Northern Ireland.

★

As a result of the proposed establishment of NatWest Investment Bank, of which Mr Charles Villiers will become chief executive, he is relinquishing his role as chief executive of COUNTY BANK, while remaining executive chairman. **Mr Jonathan Cohen**, deputy chief executive, will become chief executive of County Bank on October 1. **Mr Robert John, Mr David Lough** and **Mr John Matthews** will become senior directors of County Bank on the same date.

★

M Barry Dobson has been appointed a director of NICKLIN ADVERTISING. He was previously a director of Broad Street Advertising.

★

GROUPE CAIB AUXIFER S.A. of Zurich, has made the following changes in its UK operations: **Mr Jacques F. Weerts**, managing director of Groupe Caib has been appointed chairman of the boards of S.T.S. and Marcroft Engineering. **Mr G. T. Head**, managing director of Marcroft Engineering, has been appointed general manager in charge of Groupe Caib—UK operations.

★

Mr Philip Newfield and **Mr Michael Mead** have been appointed directors of ASTLEY & PEARCE (STERLING). **Mr Jon Onyett** has been appointed associate director.

★

STERLING CHEMICAL GROUP has promoted three British executives in its fine chemicals division — Sterling Organics. **Mr John C. Stansfield** formerly vice president, operations, has been promoted to president of the division, which is headquartered in New York. **Dr Rex Clark**, formerly director, marketing and business development has been promoted to vice president marketing. He will continue to be based at Dudley and retains responsibility for the division's international trade business. **Dr John W. Harrison** based at Fawdon, Newcastle upon Tyne, has been promoted to vice president, research and development with a continuing responsibility for these activities in both UK and U.S. **Dr Sig K. June**, a U.S. executive, based in New York is promoted to vice president, with responsibility for the division's intercompany business. Dr June was previously director, intercompany sales and sourcing.

★

ROTAFLEX has appointed **Mr Nigel Proudlock** chairman of Belco Manufacturing Co, Rotaflex's bathroom fittings subsidiary. Mr Proudlock was managing director of BICC Vantrunk.

★

Mrs Jean Parker, chairman-designate of the Confederation of British Industries Smaller Firms Council and a member of the CBI's East Midlands Regional Council, has been appointed a director of NATIONAL WESTMINSTER BANK'S eastern regional board.

★

CARTIER has appointed **Mr Charles Noel** its finance director. Mr Noel joined Cartier in 1978 as company secretary and finance controller.

★

Sir James Spooner, who has been a non-executive director of the HOGG ROBINSON GROUP since 1971, has retired. **Mr Peter Sawdy** will be joining the board as a non-executive director on October 1. Mr Sawdy is deputy chairman and chief executive of Brooke Bond Group and a non-executive director of Costain Group.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441
Pearl Growth Fd. 64.0 68.1 -0.1 3.15
Accum Units 94.7 100.7 -0.1 3.15
Pearl Inc. 90.1 95.8 +0.1 5.14
Pearl Unit Tst. 93.7 99.7 ..... 4.22
(Accum. Units) 158.5 168.6 +0.1 4.22

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868
Growth 186.1 199.7 +0.3 1.97
Income 143.1 153.3 +0.9 5.43
Worldwide Recovery 104.1 111.7 +0.8 2.67
American Growth 54.0 58.0 +0.5 1.02
Intl. Emerging Cos. 57.9 62.2 ..... 0.74
Far East Growth Fd. 46.3 49.7 -0.8 1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7
Prolific Far East 102.6 109.9xd 0.27
Prolific Extra Inc. 62.3 66.3xd 6.10
Prolific Gilt Cap. 82.7 86.1 ..... 3.19
Prolific High Inc. 134.3 142.9 ..... 5.25
Prolific Intl. 81.3 87.1 ..... 1.78
Prolific N. Amer. 108.8 116.6 ..... 2.53
Prolific Spec. Sits. 143.8 153.0 ..... 1.61
Prolific Technology 95.2 102.0 ..... 1.04

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111
Japan Trust 49.8 52.7 ..... —
Worldwide 48.3 51.2 ..... 1.95
European Trust 53.2 56.3 ..... 2.13
North American 48.2 51.1 ..... 2.41
UK Equity 50.7 53.7 ..... 3.97

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377
Holborn Equity Tst. 323.9 344.5 -0.1 3.70
Holborn European Trust — 50.0 ..... 1.08
Holborn Gilt Tst. 153.8 162.8 +0.2 8.72
Holborn High Inc 55.5 59.0xd +0.3 7.25
Holborn Intl Growth 61.1 64.9 -0.5 0.41
Holborn Growth — — ..... —
Holborn Japanese Trust — 90.0 ..... 0.06
Holborn N. Amer. Trust — 50.0 ..... 2.27
Holborn UK Growth 64.1 68.1xd -0.1 3.02

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177
Quadrant Gen. Fd. 325.8 346.4 +0.9 3.70
Quadrant Income 180.3 191.9 +0.5 5.88
Quadrant Intl. Fund 296.8 312.9 ..... 1.53
Quadrant Recovery 196.3 208.9 -0.6 2.75

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NV 01-628 6011
Wellington Inc 52.0 55.4 ..... 6.00
Wellington Growth 106.9 113.7 ..... 2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271
British Life 134.0 141.7 ..... 4.35
Reliance Unit Tst (Inc) 87.0 97.0 +0.1 4.30
Reliance Ut Tst (Acc) 112.2 119.9 +0.1 4.30

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. 061-236 5685
Income UT 91.1 97.4 +0.1 6.75
International UT 209.0 223.5 +0.8 1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456
NC America (Inc) 216.9 228.3 -0.5 1.46
NC America (Acc) 233.3 249.5 -0.7 1.46
NC Engy Res. Tst. 14.5 162.6 -1.2 2.53
NC Inc Fd. 70.2 73.8 +0.2 4.83
NC Japan Fund 104.5 110.0 -0.1 0.02
NC Smaller Cos 110.0 115.7xd +0.2 2.07
NC Smaller European 106.9 112.5 -0.8 0.78
NC Exempt Gilt Tst* 116.0 121.0xd 11.09
NC American Prop* $11.21 11.80xd ..... —
NC Prop.* 178.0 196.0 ..... —
*Unauthorised Unit Trusts.

Rowan Unit Trust Mngt. (a)
1 Finsbury Av, London, EC2M 2PA. 01-606 1066
American Sept 19 186.0 190.0 ..... 2.29
Securities Sept 17 549.0 564.0xd 2.99
High Yield Sept 20 135.0 138.5 +7.0 6.45
Merlin Sept 18 258.0 266.0 ..... 2.23
Fixed Interest 153.0 154.0 ..... 2.79
High Interest 115.0 116.0 -2.5 12.83
Far East Sept 17 119.0 122.5 ..... 0.48

Royal Life Fd. Mgmt. Ltd.
New Hall Place, Liverpool L69 3HS. 051-227 4422
Equity Trust 48.5 51.5 +0.1 3.11
International Trust 52.8 56.1 -0.4 1.73
United States Trust 25.6 27.2xd -0.2 2.05
Pacific Basin 24.1 25.6 -0.2 0.79
Gilt Trust 25.6 26.9 ..... 7.88

Royal London Unit Tst Mgrs Ltd
Ryl. Ldn Hse., Colchester, CO1 1RA 0206 576115
American Growth 68.0 72.4 +0.1 1.15
Capital Accum 141.4 150.5 ..... 3.27
Gilt Income 50.2 52.9xd -0.8 9.61
High Income 57.4 61.1xd +0.1 6.78
Income & Growth 69.5 74.0 +0.2 5.00
Japan Growth 48.5 51.7 -0.4 0.10
Special Sits 78.6 83.7xd 2.00

Royal Trust Can. Fd. Mgt. Ltd.
48-50, Cannon St, London EC4N 6LD. 01-236 6044
Capital Fund Sept 19 141.1 150.9xd 2.90
Income Fund Sept 19 124.6 134.0 ..... 6.5
Intl Exempt* Aug 30 $21.26 22.04 ..... 2.80
*Unauthorised

SKG Management Limited
20 Copthall Ave, EC2R 7JS. 01-600 7595
Gilt Acc. 109.1 113.6 ..... 3.56
Do. Dist. 105.3 109.7 ..... 3.56
Inc & Gwth in Ritmt 130.1 138.4 ..... 2.84
Do. Accum 130.1 138.4 ..... 2.84

Save & Prosper Group
28, Western Rd., Romford, RM1 3LB.
68-73 Queen St, Edinburgh EH2 4NX.
(Romford) 0708-66966 or (Edin.) 031-226 7351
Amer Inc & Gwth Fd (z) 60.4 64.5 -0.1 8.43
Capital 79.9 85.4 -0.2 2.56
Commodity 48.7 52.0xd 2.98
Energy Inds 50.6 54.1 -0.1 2.82
European (z) 60.8 65.0 -0.1 1.06
Exempt Income* 60.5 63.7xd 6.34
Exempt Intl* 51.8 54.6 ..... 3.26
Exploration Fund (z) 35.3 37.7 +0.2 0.88
Financial Secs 71.7 76.6 -0.2 2.71
Gilt & Fxd Int Gwth 74.1 74.9xd +0.2 3.34
Gilt & Fxd Int Inc 50.7 53.4xd +0.1 11.60
High Return 136.4 145.8 +0.3 6.03
High-Yield 125.9 134.0 +0.3 5.44
Income 76.7 81.6xd +0.1 6.90
Intl Bond Fd (z) 87.5 93.0xd -0.2 5.78
ITU 68.1 72.8 +0.1 3.36
Japan (z) 46.7 49.7xd -0.3 0.00
Japan Smaller (z) 68.0 72.7 -0.9 —
New Technology (z) 79.3 84.8 +0.9 —
Scotbits 97.8 104.5 -0.3 3.77
Scotshares 133.5 142.7 +0.5 4.23
Scotyields 118.6 126.2xd +0.5 4.82
Select International 57.4 61.3 ..... 2.84
Smaller Cos Inc Fd 118.6 126.2 +0.4 5.13
SE Asia (z) 91.1 97.4 -1.4 3.08
Special Situation Fd 75.6 80.8 -0.3 2.65
UK Equity 139.2 148.8 +0.4 3.09
U.S. (z) 58.2 61.9 +0.3 0.65
Univ Growth 62.5 66.8 ..... 3.48
*Prices on September 11.

Schroder Unit Trust Managers Ltd.
Enterprise House, Portsmouth. 0705 827733
American 103.8 110.6 +0.2 1.71
(Accum Units) 105.1 112.0 +0.1 1.71
Australian 59.0 63.5xd -0.5 1.32
(Accum Units) 62.9 67.1 -0.5 1.32
European 67.5 71.9 -0.2 1.57
(Accum Units) 68.6 73.1 -0.1 1.57
Extra Income Fd. 49.6 52.8 +0.1 7.82
(Accum Units) 50.0 53.2 ..... 7.82
Gilt 52.5 55.3xd +0.1 9.76
(Accum Units) 75.6 79.7 +0.2 9.76
Gold Fund Inc. 30.6 32.6 ..... 3.99
(Accum Units) 31.4 33.4 ..... 3.99
Income 131.1 139.7 +0.4 5.72
(Accum Units) 281.6 300.2 +0.7 5.72
Intnl 79.5 84.7 +0.6 1.22
(Acc. Units) 109.2 116.4 +0.9 1.22
Jap. Smaller Cos. 67.3 71.7 -1.0 0.1
Singapore 57.9 61.7 -0.5 0.76
(Accum Units) 58.8 62.6 -0.5 0.76
Smaller Co's 101.4 108.0 -0.6 1.81
(Accum Units) 105.4 112.3 -0.5 1.81
Special Sits. Fd 82.5 87.9 +0.3 1.52
(Accum. Units) 84.9 90.3 +0.3 1.52
Tokyo Inc 105.6 112.6xd -1.3 0.39
(Accum Units) 106.3 113.3 -1.5 0.39
U.S. Smaller Cos. Fd 45.8 48.8 +0.2 0.29
UK Equity 79.7 84.9 +0.3 3.63
(Accum. Units) 120.9 128.8 +0.3 3.63
*Pens. & Charity Fund 465.8 496.5xd 4.05
*Recovery 582.1 620.5xd 3.02
*Spec Ext 90.3 96.1xd 2.18
*For tax exempt funds only. †After 10 for 1 Sub-Division.

Scottish Equitable Fund Mgrs. Ltd.
28 St Andrews Sq, Edinburgh 031-556 9101
Intnl Income Units 118.8 126.4 ..... 3.77
Intnl Accum Units 171.7 182.7 ..... 3.77
UK General 25.2 26.9 ..... 2.35
American 24.2 25.9 ..... 0.77
European 24.5 26.2 -0.1 0.89
Japan 24.9 26.6 -0.4 0.10
Technology 24.5 26.2 ..... 0.21

Scottish Life Investments
19 St Andrew Sq, Edinburgh 031-225 2211
UK Equity 132.6 142.1 +0.6 2.47
American 128.1 137.1 -0.5 1.50
Pacific 96.5 103.3 -0.9 0.10
European 130.9 140.1 -1.0 1.03

Scottish Mutual Investment Managers Ltd.
109 St. Vincent St, Glasgow G2 5HN. 041-248 6100
European 109.0 116.0 -0.4 1.10
Gilts & Fixed Int. 104.6 111.3 +0.2 9.20
North American 87.8 93.4 -1.1 1.36
Pacific 93.9 99.9 -0.3 0.39
UK Equity 102.3 140.7 +0.3 2.83
UK Smlr. Cos. Equity 110.5 117.5 +0.4 2.21

Scottish Provident Inv. Mgt. Ltd.
6 St Andrew Sq, Edinburgh 2. 031-556 9181
Equity Acc. 131.9 141.0 -0.1 4.01
International Acc. 118.9 127.2 +0.1 1.31
Gilt & Fxd Int Acc. 111.3 119.1 +0.3 9.08
Index-Lkd Secs Acc. 103.8 111.0 ..... 2.09

Scottish Unit Managers
29 Charlotte Sq, Edinburgh. 031-226 4372
Pacific Fund (z) 31.3 33.5 -0.5 —
World Growth 27.3 29.2 ..... 0.79
North American (z) 30.3 32.1 +0.1 0.80
Income Fund 33.8xd 36.2xd +0.1 5.80
European (z) 25.3 27.1 -0.1 1.21
Nth American Inc (z) 23.3 25.0 ..... 4.02
UK Growth 25.6 27.4 ..... 2.83
Extra Income 25.6 27.4 ..... 6.92

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU. 031-655 6000
Pen Ex Acc Sept 20 202.5 215.5 +1.3 3.97

Standard Life Trust Mgmt. Ltd.
3, George St., Edinburgh, EH2 2XZ. 031 225 2552
Income Units 196.5 210.4 ..... 3.68
Accum. Units 211.8 227.0 ..... 3.68

Stewart Ivory Unit Trust Mgrs Ltd.(a)
45, Charlotte Sq, Edinburgh. 031-226 3271
American Fund 177.6 189.1 +1.9 0.84
(Accum. Units) 195.7 208.4 +2.6 0.84
(Withdrawal Units) 129.% 138.0 +1.3 0.84
Australian Fund 102.9 109.6 -1.6 1.12
(Accum. Units) 104.0 110.8 -1.6 1.12
British Fund 449.1 478.3 +2.0 4.69
(Accum. Units) 597.3 636.1 +2.5 4.69
European Fund 177.8 189.4 -0.9 0.96
(Accum. Units) 185.4 197.5 -1.0 0.96
Japan Fund 180.3 192.0 -2.4 0.48
(Accum. Units) 180.3 192.6 -2.4 0.48
Saints PPP 131.3 138.3 ..... —

Sun Alliance Fund Management Ltd.,
Sun Alliance Hse, Horsham. 0403 56293
Equity Tst. 312.4 332.3 +0.2 2.52
North American 44.4 47.3 -0.3 2.01
Far East 48.6 51.7 -0.9 0.94

Sun Life Trust Mgmt. Ltd.
107 Cheapside, EC2V 6DU. 01-606 6010
American Growth Acc. 22.3 23.7 ..... 2.1
American Income Acc. 22.3 23.8 ..... 5.3
American Income Inc. 22.3 23.8 ..... 5.3
European Growth Acc. 28.0 29.8 ..... 2.9
Far East Growth Acc. 24.7 26.3 0
Int. Growth Acc. 23.5 25.0 ..... 1.0
Japan Growth Acc. 26.2 27.8 ..... 0.4
UK Growth Acc. 26.0 27.6 ..... 2.7
UK Income Acc. 25.3 26.9 ..... 4.6
UK Income Inc. 25.4 26.9 ..... 4.6

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
99-101 London Rd, Sevenoaks. 0732 450161
Equity Dist.* 221.2 234.0 ..... 4.03
Equity Acc.* 262.5 277.7 ..... 4.03
Fixed Int. Dist.† 118.1 122.3 ..... 11.06
Fixed Int. Acc.† 166.7 172.7 ..... 11.06
*Prices on Sept 11. Next dealing October 9.
†Prices on Sept 4. Next dealing Oct. 2.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3
TSB American 90.5 96.3xd -0.1 1.68
Do. Accum. 94.2 100.3 -0.1 1.68
TSB Extra Income 83.1 88.5xd +0.2 6.40
Do. Accum. 95.7 101.9 +0.3 6.40
TSB General 120.2 127.8 +0.1 3.44
Do. Accum. 194.6 207.0 +0.2 3.44
TSB Gilt & Fxd Int. 47.3 49.3 ..... 9.40
Do. Accum. 58.1 60.6 ..... 9.40
TSB Income 166.9 177.6 +0.2 4.98
Do. Accum. 251.8 267.9 +0.4 4.98
TSB Pacific 99.6 106.0 -1.4 0.75
Do. Accum. 102.1 108.7 -1.4 0.75
TSB International 225.6 240.1 -0.8 2.03
Do. Accum. 274.7 292.3 -0.9 2.03
TSB Natural Resources 43.4 46.2 -0.2 2.13
Do. Accum. 43.8 46.7 -0.1 2.13
TSB Sictd. Opps. 47.0 50.1xd +0.1 2.46
Do. Accum. 51.3 54.6 +0.2 2.46

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941
Small Co's Fund 66.6 71.2 +0.2 0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941
American Eagle 63.4 67.7 -0.1 0.46
Australia 29.7 31.7 -0.2 0.10
Commodity 84.0 90.2 -0.9 1.90
Energy 37.8 40.4 -0.1 0.34
Equity 101.5 108.3 +0.3 3.92
European Spec. Sits. 55.7 59.4 -0.2 0.75
Extra Income 91.0 97.3xd 7.58
Financial 201.6 215.0xd 2.34
Gilt Capital 222.9 233.4 +0.3 3.25
Gilt Income 100.0 104.7xd +0.2 8.54
Gold Income 57.5 61.5 ..... 1.61
Gold Acc. 101.9 111.1 +0.1 1.61
Income 58.9 63.3xd 5.64
Japan 44.2 47.1xd -0.7 0.10
Malaysia & Singapore 23.7 25.3 +0.2 0.79
Pacific Income 61.4 65.6xd -0.5 0.50
Pacific Re Inv 75.8 80.5 -0.6 0.90
Preference Share 16.0 17.3xd 10.10
Professional 494.7 527.7 +4.1 2.08
Special Sits 76.8 82.1xd +0.1 1.02
Technology 38.3 41.0 +0.6 0.10
U.S. Special Bond 48.4 51.8xd -0.3 6.41
Worldwide Capital 107.8 115.0 -0.3 1.74
Equity Exempt Sept 11 634.5 676.8 ..... 2.42
Equity Ex Acc Sept 11 1166.2 1243.9 ..... 2.42

Temple Bar Unit Trust Mgrs Ltd
P.O. Box 442, 32 St Mary-at-Hill, EC3. 01-623 9333
Electra Small Cos. Fd 123.96 130.78 ..... 4.16
High Income 41.5 44.5 +0.1 7.20
North American 99.4 105.7xd +0.3 0.98
Recovery 128.2 136.4 +0.2 3.67
Gilt Trust 38.0 39.4xd +0.1 9.53
St Vincent U.S. Gwth 62.3 64.9xd -0.4 1.04
St. Vincent High Inc 66.6 68.7xd +0.2 6.50

Touche, Remnant Unit Trust Mngt. Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250
TR American Growth 26.2 28.2xd +0.2 0.30
TR General Growth 41.3 44.5 ..... 2.93
TR Global Tech. 27.2 29.0 +0.1 0.10
TR Income Growth 45.6 49.1 +0.1 5.21
TR Income Monthly 39.2 41.8xd +0.1 7.56
TR Overseas Growth 30.9 32.9 -0.3 1.77
TR Smaller Cos. 43.4 46.2 +0.1 1.74
TR Special Ops 44.7 48.1xd +0.2 1.02

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011
TUUT Sept. 1 132.8 139.8xd 3.73

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651
Colmrco Sept 20 356.5 373.2xd -6.4 4.27
(Accum. Units) 581.7 608.7 -10.4 4.27
Fielding Fd Sept 19 196.4 206.3 ..... 3.80
(Accum. Units) 213.2 224.5 ..... 3.80
Fielding Inc Sept 19 138.3 142.5 ..... 3.62
Fiding AM&Gen Sept 19 193.1 203.3 ..... 1.39
(Accum. Units) 217.1 228.6 ..... 1.39
S&W American Sept 18 128.9 135.9 ..... 1.84
S&W Smlr Secs Sept 18 94.6 99.66 ..... 1.12

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol. 0272 732241
Australian Securities 62.1 66.5 -0.9 1.09
(Accum. Units) 63.8 68.3 -1.1 1.09
Capital 260.1 275.9 -0.3 4.23
(Accum. Units) 453.1 480.5 -0.6 4.23
Exempt 220.9 235.3xd +0.9 7.37
(Accum. Units) 485.5 517.1 +1.9 7.37
Far Eastern 113.4 121.3xd -1.2 1.09
(Accum. Units) 121.6 130.1 -1.3 1.09
Fin & Prop 40.9 43.6 ..... 3.98
(Accum. Units) 62.9 67.0 ..... 3.98
Gilt Capital Trust 117.8 122.5 +0.2 6.94
(Accum. Units) 129.0 134.1 +0.2 6.94
Gilt Income 104.4 108.3xd +0.2 10.08
(Accum. Units) 160.6 166.7 +0.3 10.08
High Yield 42.4 44.1 +0.2 7.45
(Accum. Units) 86.1 91.7 +0.4 7.45
Income 171.9 182.3xd +0.7 6.72
(Accum Units) 514.5 545.6 +2.2 6.72
Int. Ern. 125.6 133.8 ..... 3.41
(Accum. Units) 178.1 189.7 -0.1 3.41
International Grwth. 56.1 59.8xd -0.3 1.29
(Accum. Units) 58.0 61.8 -0.4 1.29
Japan Growth (Acc) 57.4 61.4 -0.4 0.20
Natural Resources 172.5 182.7 -1.7 2.14
(Accum Units) 243.4 259.3 -2.4 2.14
Nth Amer Grth. 102.3 109.5 +0.8 1.47
(Accum Units) 117.1 125.3 +0.8 1.47
Pref 111.1 118.4 +0.2 11.39
(Accum Units) 261.8 278.9 +0.4 11.39
Smaller Cos. 145.9 155.4xd 3.01
(Accum Units) 192.7 205.3 ..... 3.01
Smaller Cos. Div. 45.3 48.3 +0.1 7.12
(Accum Units) 49.9 53.2 +0.1 7.12
Special Sits 82.1 87.5 ..... 2.54
(Accum Units) 84.4 89.9 ..... 2.54
European Growth 58.6 62.5 ..... 1.79

Unit Trust Account & Mgmt. Ltd.
Regis Hse, King William St, EC4R 9R. 01-623 4951
Advisors: Henderson Crosthwaite & Co.
Friars Hse. Cap. Fd. 103.9 110.6 ..... 2.26
Friars Hse Inc Fd 100.0 100.0 ..... —

Vanguard Trust Managers Ltd.
Bath Hse, London, EC1A 2EU. 01-236 3053
American & Gen Sept 17 47.0 50.0 ..... 3.06
Growth Sept 10 134.7 140.6 ..... 3.29
(Accum Units) 195.0 203.4 ..... 3.29
High Yield Sept 17 150.1 158.0 ..... 5.55
Special Sits Sept 18 284.6 299.6 ..... 3.73
Trustee Sept 18 98.7 103.9xd 4.30
(Accum Units) 146.1 153.8 ..... 4.30

Wardley Unit Trust Managers Ltd (a)
Wardley Hse, 7 Devonshire Sq, EC2. 01-626 4411
American Tst. 57.5 61.9 -0.1 2.1
Far East & Gn. Tst. 61.3 65.3xd -0.6 1.5
Natural Resources 42.5 46.2 -0.3 3.1
Income Tst. 64.1 69.0 +0.2 6.0
Japan Growth Tst. 58.6 63.0 -0.3 0.2
Smaller Cos. Tst. 115.6 124.3 +0.3 2.0
Tchnlgy. Tst. 27.0 29.0 -0.1 0.2
Australia Trust 39.5 42.4 -0.1 1.4
UK Trust 98.0 104.3 ..... 2.9
European Growth Tst. 27.0 29.6 -0.1 1.5
Hong Kong Tst. 21.4 22.8 -0.5 2.0

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh. 031-225 1551
Australasian Gold 19.3 20.6 -0.2 0.1
Pacific Basin Energy 18.1 19.3 +0.1 0.1
Canadian Balncd Grwth. 43.8 46.8 -0.9 3.0
Genesis Man. — — ..... —

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol, BS2 8SS. 0272 428431
British Growth 51.4 54.5 ..... 3.0
British Income 51.1 54.2 ..... 5.9

Whittingdale Unit Trust Managers
2 Honey Lane, EC2V 8BT. 01-606 9085/6
Short Dtd Gilt Fd 58.5 59.4 +0.1 1.43

Wright Seligman Fund Managers Ltd.
11, Blomfield St., London, EC2M 7AY. 01-588 0592
Growth Fund 54.5 57.5 ..... 1.59
Weekly dealing day Tuesday.

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 95, Cardiff CF1 4NW. 0222 35542
AA Friendly Sy Aug 9 88.3 95.3 ..... —

Abbey Life Assurance Co. Ltd.
80, Holdenhurst Road, Bournemouth, 0202 292373
Prop Ser 1 210.5 221.6 ..... —
Equity Ser. 1 83.9 88.4 +0.6 —
Prop. Acc. Ser 2 272.7 287.1 ..... —
Equity Acc. Ser. 2 89.1 93.8 +0.5 —
Selective Acc 210.1 221.2 +0.8 —
Money Series 3 204.4 215.1 ..... —
Conv. Ser 3 219.3 230.9 ..... —
Prop. Ser. 4 214.7 226.1 ..... —
Equity Ser. 4 93.9 98.9 +0.5 —
Fixed Int. Ser. 4 172.1 181.2 -0.1 —
Indexed Inv. Ser. 4 110.6 116.5 +0.5 —
American Ser 4 219.5 231.1 ..... —
High Inc. Ser 4 224.9 236.8 ..... —
Japan Ser. 4 160.6 169.1 -0.8 —
Man. Ser. 4 293.7 309.2 +0.5 —
Money Ser. 4 184.0 193.7 ..... —
Convertible Ser. 4 184.1 193.8 ..... —
Property Ser 4 Cap 145.0 152.7 ..... —
Equity Ser 4 Cap 63.3 66.7 +0.4 —
Managed Ser 4 Cap. 199.7 210.3 +0.3 —
Money Ser. 4 Cap. 125.3 131.9 ..... —
Fixed Int Ser 4 Cap 156.3 164.6 -0.1 —
Indexed Inv S 4 Cap 96.5 101.6 +0.4 —
American Ser 4 Cap 199.1 209.6 ..... —
High Inc Ser 4 Cap. 203.9 214.7 ..... —
Japan Ser 4 Cap 145.5 153.2 -0.6 —
Pension Funds
Property 344.7 362.9 ..... —
Equity 600.4 632.1 +3.2 —
Selective 218.9 230.5 +0.9 —
Managed 487.1 512.8 +1.0 —
Security 306.1 322.3 ..... —
Fixed Int. 177.2 186.6 ..... —
Indexed Inv. 112.3 118.3 +0.5 —
American 172.5 181.6 ..... —
Japan 148.8 156.7 -1.0 —
Property Cap. 192.9 203.1 ..... —
Equity Cap. 341.0 359.0 +1.8 —
Managed Cap. 273.9 288.4 +0.5 —
Security Cap. 169.7 178.7 ..... —
Fixed Int. Cap. 130.3 137.2 ..... —
Indexed Inv. Cap. 90.8 95.6 +0.3 —
American Cap. 149.0 156.9 ..... —
Japan Cap 128.6 135.4 -0.9 —
Property Cap. 2 336.2 353.9 ..... —
Equity Cap. 2 585.4 616.3 +3.2 —
Managed Cap. 2 475.0 500.0 +1.0 —
Security Cap. 2 298.5 314.3 ..... —
Fixed Int. Cap. 2 172.8 181.9 -0.1 —
Index Inv. Cap. 2 109.5 115.3 +0.4 —
American Cap. 2 168.2 177.1 ..... —
Japan Cap. 2 145.1 152.8 -1.0 —
Moneywise Fdly Soc 65.5 69.7 ..... —

Aetna Life Insurance Co. Ltd.
401 St. John St., London, EC1V 4QE. 01-837 6494
Life Funds (Accumulator Units)
Squirrel 10.0 10.6 +0.1 —
Bear 10.2 10.8 ..... —
Owl 10.0 10.6 ..... —
Bull 10.0 10.6 ..... —
Stag 9.6 10.2 ..... —
Pension Funds (Accumulator Units)
Squirrel 10.2 10.8 ..... —
Bear 10.4 11.0 ..... —
Owl 10.3 10.9 ..... —
Bull 10.2 10.8 -0.1 —
Stag 9.8 10.4 ..... —

Albany Life Assurance Co. Ltd.
3, Darkes Lane, Potters Bar. 0707-42311
Equity Fd. Acc.(z) 568.2 598.1 +2.9 —
European Fd Accum(z) 136.8 143.9 -0.1 —
Fixed Int. Acc.(z) 266.7 280.7 -0.3 —
Gtd. Money Fd. Ac.(z) 188.6 198.5 ..... —
Intl. Man. Fd. Acm.(z) 237.2 249.6 -0.5 —
Intl Fxd Int Fd Acc(z) 155.0 163.1 -0.1 —
Japan Fund(z) 145.7 153.3 -0.3 —
Nth American Fd Acc(z) 139.9 147.2 +0.5 —
Prop. Fd. Acc.(z) 193.6 203.8 +0.1 —
Multiple Inv. Acc.(z) 409.6 431.1 +0.9 —
Pension Funds
Eq Pen Fd Acc(z) 937.0 986.3 +6.4 —
Euro Fd Acc(z) 152.6 160.5 ..... —
Fixed Int. Acc.(z) 481.3 506.3 -0.6 —
Gt Money Pn Acc(z) 296.7 312.3 +0.1 —
Intl Man Fd(z) 311.4 327.8 -0.7 —
Jap Pen Fd Acc(z) 164.5 173.1 -0.6 —
N Am Pn Fd Acc(z) 155.3 163.4 +0.7 —
Property(z) 278.5 293.1 ..... —
Mtple Inv Pens Acc(z) 703.4 730.4 +2.0 —

Allied Dunbar Assurance PLC
Allied Dunbar Ctr, Swindon SN1 1EL. 0793 28291
Fixed Int. Dep. Acc. 207.9 218.9 ..... —
Equity Acc. 505.0 531.6 ..... —
Property Acc. 305.4 321.5 ..... —
Far East Acc. 96.3 101.4 ..... —
Managed Cap. 267.9 282.0 ..... —
Managed Acc. 424.0 446.4 ..... —
O'seas Earnings Acc. 333.9 351.5 ..... —
Gilt Edged Acc. 241.6 254.4 ..... —
American Equity Acc. 288.6 303.8 ..... —
American Man. Acc. 143.8 151.4 ..... —
American Prop Acc. 120.4 126.8 ..... —
Pen.F.I.Dep.Cap. 228.1 240.2 ..... —
Pen.F.I.Dep.Acc. 342.9 361.0 ..... —
Pen. Prop. Cap. 371.4 391.0 ..... —
Pen. Prop. Acc. 616.9 649.4 ..... —
Pen. Man. Cap. 527.4 555.2 ..... —
Pen. Man. Acc. 874.7 920.8 ..... —
Pen. Gilt Edg. Cap. 249.2 263.1 ..... —
Pen. Gilt Edg. Acc. 338.8 356.7 ..... —
Pen. Eq. Cap. 811.6 854.4 ..... —
Pen. Eq. Acc. 1,020.3 1,074.0 ..... —
Pen. Am. Eq Cap. 116.7 122.9 ..... —
Pen. Am. Eq Acc. 123.6 130.2 ..... —
Pen. Far East Cap. 107.8 113.5 ..... —
Pen. Far East Acc. 114.2 120.3 ..... —
Pen. B.S. Cap. 238.4 250.6 ..... —
Pen. B.S. Acc. 348.8 364.3 ..... —
Pen. D.A.F. Cap. 191.6 191.6 ..... —
Pen. D.A.F. Acc. 249.7 249.7 ..... —
Pen. Mortgage Cap. 107.6 113.3 ..... —
Pen. Mortgage Acc. 114.1 120.2 ..... —

Ambassador Life Ass. Co. Ltd.
80 Holdenhurst Rd, Bournemouth BH8 8AL 0202 292345
Equity Fd Acc. 100.9 106.3 +0.3 —
Equity Fd Cap. 95.6 100.7 +0.1 —

Barclays Life Assur. Co. Ltd.
252 Romford Road, E7. 01-534 5544
Barclaybond n 290.1 305.4 ..... —
Equity Accum. 334.5 352.2 +0.1 —
Do. Initial 303.7 319.7 +0.3 —
Gilt-edged Accum. 188.5 198.5 +0.3 —
Do. Initial 172.9 182.1 +0.3 —
International Acc. 195.9 206.3 -0.2 —
Do. Initial 178.7 188.2 -1.1 —
Managed Acc 247.1 260.2 ..... —
Do. Initial 225.8 237.7 ..... —
Money Acc 163.4 172.1 +0.3 —
Do. Initial 145.9 153.6 +0.1 —
Property Acc. 209.5 220.6 +0.2 —
Do. Initial 191.9 202.0 ..... —
America Acc. 151.2 159.2 -0.7 —
Australia Acc. 125.4 132.0 -1.5 —
Financial Acc. 160.3 168.8 -0.1 —
'500' Acc. 167.0 175.8 +0.4 —
Greater Pac. Acc. 187.3 197.2 -1.8 —
Income Acc. 182.1 192.8 +0.6 —
Leisure Acc. 122.1 128.6 -0.4 —
Spec. Sits. Fd. Acc. 97.4 102.6 +0.3 —
Universal Tec Acc 82.1 86.5 -0.1 —
Equity Pns. Acc. 115.5 121.6 +0.1 —
Do. Initial Srs 2 108.4 114.2 +0.1 —
Gilt Edged Pns.Acc 255.2 268.7 +0.5 —
Do. Initial Srs 2 102.0 107.4 +0.2 —
Int. Pens. Acc. 98.3 103.5 -0.9 —
Do. Initial Srs 2 92.7 97.6 -0.8 —
Managed Pns. Acc. 323.3 340.4 -0.1 —
Do Initial Series 2 104.3 109.8 ..... —
Money Pens. 226.4 238.4 ..... —
Do Initial Series 2 101.4 106.8 +0.1 —
Property Pens. 102.3 107.7 ..... —
Do. Initial Series 2 96.3 101.4 ..... —

Black Horse Life Ass. Co. Ltd.
34a, High St., Chatham 0634 405161
Black Horse Man. Fd. 299.89 ..... —
Managed Inv. Fd. 205.49 216.30 ..... —
Property Fd. 166.16 174.91 ..... —
Fixed Interest Fd. 165.73 174.46 ..... —
Cash Fd. 152.68 160.72 ..... —
Income Fd. 261.81 275.59 ..... —
Extra Income Fd. 235.18 247.56 ..... —
Worldwide Growth Fd. 227.25 239.22 ..... —
Balanced Fd 239.01 251.59 ..... —
Smlr Co's & Recvy Fd. 284.67 299.66 ..... —
Int. Technology Fd 251.84 265.10 ..... —
Nth. Amer. & Gen. Fd. 175.57 181.82 ..... —
Energy Int. Fd. 100.29 105.57 ..... —
Pacific Basin Fund 156.26 164.49 ..... —

British National Life Assurance Co. Ltd
Perrymount Road, Haywards Heath. 0444 414111
Managed Fd. 147.6 155.4 +0.5 —
Property Fd. 145.2 152.8 +1.8 —
Equity Fd. 186.0 195.8 -0.5 —
New Tech Fd. 114.3 120.3 -0.5 —
American Fund 89.4 94.1 -0.3 —
Intl. Fd. 167.6 176.4 +1.0 —
Fixed Int. Fd. 128.8 135.7 +0.2 —
Deposit Fd. 112.5 118.4 +0.1 —
Managed Pens. Acc 168.9 177.9 +0.7 —
Managed Pens. Cap 142.8 149.5 +0.4 —
Property Pens. Cap 138.3 145.6 +2.0 —
Equity Pens. Cap 178.3 187.7 -1.0 —
New Tech Pens. Cap 111.1 116.9 -0.9 —
Intl. Pens. Cap 167.1 175.9 +1.0 —
Fixed Intl. Pens. Cap 119.3 125.7 +0.3 —

Canada Life Group
2-6, High St, Potters Bar, Herts. P. Bar 51122
Equity Gth May 1 115.2 ..... —
Rmt Fed May 6 388.6 ..... —
Managed Pen Fund 229.3 241.4 ..... —
Property Pen Fund 226.1 232.8 ..... —
Index Linked Pen Fund 122.4 128.9 ..... —
Managed (z) 143.5 151.1 +0.1 —
Property (z) 117.9 124.2 +0.9 —
Gilt and Fixed Interest (z) 121.9 128.4 ..... —
Index-Linked (z) 107.2 112.9 ..... —
Equity (z) 151.3 159.3 ..... —
Cash (z) 124.3 130.9 ..... —
Midland Bk Ut Tst (z) 146.0 153.7 +0.1 —
Midland Bank Int (z) 154.9 163.1 -0.6 —

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876
Equity Units £51.09 +0.06 —
Property Units £19.66 ..... —
Equity Bond/Exec. £32.61 34.51 +0.04 —
Prop. Bond/Exec. £25.79 27.29 ..... —
Bal. Bd./Exec/Unit £27.01 28.58 +0.02 —
2nd Equity Acc. 251.3 265.9 +0.2 —
2nd High Inc/Acc 217.2 229.8 +0.4 —
2nd Property Acc. 193.4 204.7 ..... —
2nd Managed Acc 194.2 205.5 +0.2 —
2nd Deposit Acc 162.0 171.4 ..... —
2nd Gilt Acc. 163.3 172.8 ..... —
2nd American Acc 182.5 193.1 +0.6 —
2nd Intl Money Acc. 159.4 168.7 -0.4 —
2nd Index Acc. 110.1 116.5 +0.7 —
2nd Far East Acc. 107.8 114.1 -0.2 —
2nd Eq. Pens./Acc. 378.1 400.1 -0.2 —
2nd Hi Inc Pens/Acc. 239.4 253.3 +0.2 —
2nd Prp. Pens/Acc. 264.6 280.0 +1.5 —
2nd Mgd. Pens/Acc 264.5 279.9 ..... —
2nd Dep. Pens/Acc 229.6 243.0 ..... —
Gilt Pens/Acc. 224.3 237.4 ..... —
2nd Am. Pens/Acc. 279.1 295.3 +0.8 —
2ndIn. MoneyPens/Acc. 208.2 220.3 -0.5 —
2nd Index Pens./Acc. 119.6 126.6 +0.8 —
2nd Far East Pens/Acc 109.7 116.1 -0.2 —
L & E S.I.F. 86.5 91.3 ..... —
L & E S.I.F. 2 57.5 61.0 ..... —

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-626 1533
Managed Growth 199.80 210.31 +1.19 —
Managed Income 101.77 107.13 +0.24 —
Other prices available on 01-626 1533.

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh, EH2 4HQ. 031-225 1635
Ivory & Sime Bond 110.0 116.0 ..... —
Risk & Reward Bond 100.0 105.0 ..... —

City of Westminster Assurance
Sentry House, 500, Avebury Boulevard, Cent Milton Keynes MK9 2LA. Tel. 0908-606101/660888
Current Series
Property Fund 108.2 113.9 ..... —
Money Fund 206.9 217.8 +0.2 —
Managed Fund 341.1 359.2 -0.1 —
Equity Fund 190.0 200.0 +0.1 —
Fixed Interest Fund 130.9 137.8 ..... —
Far East Fund 139.1 146.5 -0.6 —
North American Fund 169.7 178.7 +0.5 —
Natural Resources Fund 133.1 140.2 -0.6 —
S.U.N. Flag Fund 102.7 108.2 +0.8 —
Pension Managed Fund 320.9 320.9 +0.2 —
Pension Equity Fund 171.9 171.9 +2.2 —
PBR Fund 112.7 118.7 -1.9 —
For other prices please telephone 0908 606101/660888

Clerical Medical/Fidelity International
Narrow Plain, Bristol, BS2 0JH 0272 290566
Investment Funds
Mixed 103.7 109.2 ..... —
Equity 116.3 122.5 +0.3 —
Property 100.5 105.8 ..... —
Gilt & Fixed Interest 101.9 107.3 +0.4 —
Indexed Securities 97.6 102.8 ..... —
Cash 101.3 106.7 ..... —
North American 90.1 94.9 -0.5 —
Far East 81.6 85.9 -1.1 —
International 94.5 99.5 -0.9 —
Special Situations 104.0 109.5 -0.2 —
International Income 109.2 115.0 -0.3 —
American Income 99.9 105.2 -0.6 —
Flexible Retirement Plan
Mixed 101.0 106.4 -0.4 —
Equity 111.6 117.5 -0.2 —
Property 102.3 107.7 ..... —
Gilt & Fixed Interest 104.5 110.1 +0.1 —
Indexed Linked 99.2 104.5 ..... —
Cash 103.8 109.3 +0.1 —
North American 90.0 94.8 -0.5 —
Far East 82.5 86.9 -1.2 —
International 91.8 96.7 -0.6 —
Special Situations 107.6 113.3 -0.1 —
Executive Investment Pension Plan
Prices on Sept 20. Unit dealings on Wednesday.
Cash Fd. 124.4 131.0 +0.3 —
Mixed Fd. 150.3 158.3 -1.1 —
Fixed Int. Fd. 130.8 137.7 +1.3 —
UK Equity Fd. 169.6 178.6 -2.0 —
Property Fd. 119.5 125.8 +0.7 —
Overseas Fd. 137.6 144.9 -5.9 —
Index Linked Fd. 104.7 110.2 +0.5 —
Stock. Ex. Fd. 121.5 127.9 -1.0 —
North Am Fd. 93.4 98.4 -6.2 —
Far East Fd 86.9 91.5 -0.2 —
Special Sits Fd. 105.9 111.5 -1.1 —
Initial prices available on request.
For other prices telephone 0272 290566

Clerical Medical Managed Funds Ltd.
15 St. James's Sq., SW1Y 4LQ. 01-930 5474
Cash 153.6 161.6 +0.1 —
Mixed 218.6 224.1 -1.4 —
Fixed Interest 205.5 208.6 +1.9 —
UK Equity 248.4 255.9 -1.4 —
Property 136.7 142.8 +0.2 —
Overseas 206.1 216.4 -8.7 —
Index Linked 118.8 120.6 +0.7 —
Stock Exchange 125.4 128.9 -0.9 —
Prices on Sept 18. Usual dealings on Weds.

Colonial Mutual Group
24 Ludgate Hill, EC4P 4BD. 01-248 9861
Capital Life Assurance
Key 137.61 ..... —
Pacemaker 154.43 ..... —
Cash 113.41 119.38 ..... —
Equity 177.39 186.73 ..... —
Fixed Interest 146.54 154.26 ..... —
Managed 163.54 172.14 ..... —
Property 138.32 145.60 ..... —
CML (Pension Annuities)—Rainbow Plans
Cash Cap 108.58 114.30 +0.13 —
Cash Inv 115.11 121.28 +0.22 —
Equity Cap 208.45 219.43 +0.15 —
Equity Inv 220.99 232.63 +0.31 —
Fixed Int Cap 158.75 167.32 +0.29 —
Fixed Int Inv 168.51 177.39 +1.44 —
Index Link Cap 103.67 109.13 +0.66 —
Index Link Inv 109.91 115.70 +0.78 —
Managed Cap 189.95 199.96 +0.13 —
Managed Inv 201.36 211.99 +0.20 —

Commercial Union Group
St Helen's, 1, Undershaft, EC3. 01-283 7500
Var Ann Sept 20 44.54 -0.30 —
Var Sept 21 202.25 -1.74 —
Prime Series—Life
Managed 186.3 196.2 +0.2 —
UK Equity 197.4 207.8 +0.4 —
Int Equity 141.4 148.9 -0.8 —
Property 118.7 125.0 ..... —
Fixed Int 125.8 132.5 +0.2 —
Index Lkd Gt. 97.4 102.6 ..... —
Investment Tst. 105.7 111.3 ..... —
Cash 112.4 118.4 ..... —
Prime Series—Pensions
Managed 169.7 178.7 +0.5 —
UK Equity 172.1 181.2 +1.0 —
Int Equity 125.4 132.1 -2.1 —
Property 114.1 120.2 ..... —
Fixed Int 118.9 125.2 +0.4 —
Index Lkd Gt. 102.6 108.0 ..... —
Cash 113.8 119.8 ..... —
Investment Tst. 107.2 112.9 +0.1 —

INSURANCE, OVERSEAS & MONEY FUNDS

Australian Gen Mngt Ltd
48, Athol Street, Douglas, IoM. 0624 20245

Aust Gen Fund	44.24	44.91	----	—

Next dealing date: September 16

B.I.A. Bond Investments AG
30, Baarerstrasse CH6302, Zug, Switzerland

Barer Sfd August 30	SF10,925	11,500	----	—

BNP Inv Mgmnt (Jersey) Ltd
PO Box 156, St Helier, Jersey 0534 76011

BNP Intercurrency Fund Ltd

U.S. Dollar	$10.07		+0.02	—
Sterling	£10.10		+0.02	—
DMarks	DM30.35		+0.07	—

BNP Interequity Fund Ltd

North American	9.61	10.00	-0.03	—
Far East	9.43	9.81	+0.08	—

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer SFd.	$1343	1344	+1	—
S-Baer, J BaerSFd*	998	1003	-3	—
DM-Baer, J.BaerDMFd*	DM1024	1029	-1	—

*Plus charge

Bamford Brandt Guernsey Mngt. Ltd.
PO Box 71, St Peter Port, Guernsey 0481 26541

Tech and Comm.	£7.52	7.89	----	—
Pac. Basin Fund	£32.67	34.66	----	—

Bank of America International S.A.
35 Boulevard Royal, Luxembourg GD

Worldbond Inc	$125.57	136.30	+3.02	8.34

Valued weekly on Wednesdays

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unicorn Trust	43.8	45.6	+0.4	11.30
Unidollar Trust	$15.56	16.49	-0.55	1.40
Unibond Trust	$87.28	88.00	----	10.00
£Stg Multicurrency. Fd.	£11.08		+0.01	11.1
US$ Multicurrency Fd	$21.45		----	7.00

EBC Trust Company (Jersey) Ltd.
1-3 Seale St, St Helier, Jersey.

International Income Fund

US$ Dep Short A	$1.4983		+0.0002	
Do. Dist	$1.0010		+0.0001	
Mul Cur Shrt term S	$1.1978		+0.0063	
Do. Dist	$0.9918		+0.0040	
Eurobd. Long Term	$23.38		----	

European Banking Trade Currency Fund*

Income	$10.14	10.454	+0.072	
Capital	$11.19	11.536	+0.073	

*Offer price includes 3% prelim. charge

European Banking Currency Income Fund*

Income	£10.14	10.6575	-0.0105	

*Offer price includes 5% prelim. charge.

The English Association
16 Athol St, Douglas, Isle of Man

E.A. Far East	$10.32	10.85	----	

Next dealing Sept. 27.

Ermitage Management Ltd.
19 Royal Square, St Helier, Jersey, CI.

External Fund	$19.49	19.69	----	
Bond & Cash Fd	£10.16	10.22	----	
Cash Fund	£20.71		----	

Ermitage Management Cayman Ltd.
PO Box 2192, Grand Cayman, B.W.I.

Gam Ermitage	$15.29		----	
Cayman Cash Fd	$10.78		----	

Eurolife Assurance Group
5-11 Mortimer St., London W1N 7RH.

Sterling Eurobond Fd	108.0		----	
Intnl Eurobond Fd	108.1		----	

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury House, London Wall, EC2M 5TA. Tel. 01-920 0776 Telex 887281

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

OPTIONS

3-month call rates

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	1985 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
101	99	Exch. 12¼pc 1985	99	−	12.25	11.70
101	99	Exch. 11¾pc '86	100	+	11.72	11.00
99	97	Treas. 10pcCnv 1986	99	.....	10.09	11.05
96	92½	Treas 3pc 1986	96	+	3.11	9.11
100	97½	Exch. 10½pc Cv '86	99	+	10.54	11.06
101¾	99¾	Treas 12pc 1986	100	−	11.93	11.00
98	94¼	Treas 8¾pc 1984-86‡‡	98	+	8.65	10.70
105	102	Exch. 14pc 1986	103	.....	13.59	10.96
94	87¾	Exch. 2½pc 1986	94¼	.....	2.65	7.74
104	101	Exch. 13¼pc 1987	102	+	12.87	10.72
99	96⅝	Treas 10¼pcCv '87	99⅝	+	10.31	10.68
92	85½	Exch 2½pc 1987	92¼	.....	2.70	7.98
100	96¼	Exch. 10½pc 1987	99	+	10.52	10.70
94¼	89	Funding 6½pc '85-87‡‡	94¼	+	6.89	10.46
99	95½	Treas. 10pc 1987	98	+	10.12	10.73
91	84¼	Treas 3pc 1987	91	+	3.28	8.34
102	99⅛	Treas. 12pc 1987	102¼	+	11.75	10.79
95	90¼	Treas 7¾pc 1985-88‡‡	94⅝	.....	8.19	10.35
99	95⅛	Exch 10½pc '88	99	+	10.54	10.67
97	93¼	Treas 9¾pc Cv '88	97½	+	10.00	10.80
86½	80	Transport 3pc '78-88	86¼	+	3.47	8.68
96	91½	Treas. 9½pc '88	96	+	9.81	10.79
102¼	97½	Treas 11½pc 1989	102	+	11.27	10.73
96⅝	90¼	Treas 9½pc Cnv. '89	96	+	9.86	10.78
82⅝	79	Treas 3pc 1989	82	.....	3.63	8.68
99	94	Treas 10½pc 1989	99	+	10.58	10.75
98¼	92	Exch 10pc 1989	97½	+	10.26	10.79
101¼	95	Exch 11pc 1989	100	+	10.92	10.77
85	79	Treas 5pc 1986-89	85	.....	5.83	9.30
108⅝	103¼	Treas 13pc 1990‡‡	107	+	12.04	10.62
101¼	96	Exch 11pc 1990‡‡	100	+	10.90	10.70
108¼	100¾	Exch. 12½pc 1990	106	+	11.76	10.70
77	75¼	Treas. 3pc 1990	77	+	3.85	8.93
93	87¾	Treas 8¼pc 1987-90‡‡	92¼	+	8.95	10.38

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or —	Div Net	C'vr	Y'ld Gr's	P/E
48	28	♦Malinmet Hldgs 10p	38	-2	—	—	—	♦
390	202	Man. Ship Can. £1	385	+1	5.5	3.5	2.0	20.2
104	70	Marley	85	-1	3.75	2.2	6.3	10.3
107	52	Marling Ind. 10p	97		d1.5	5.1	2.2	12.4
80	36	Marshall L'ey. 'A'	80	+2	2.4	4.9	4.3	5.7
77	57	Marshall's Universal	60		2.0	1.4	4.8	(19.0)
86	78	Do. 7½pcCnRedPf £1	82		7½%	—	13.1	—
For Martin-Black see Dean Park Hotels in Recent Equities								
£99	£81	♦Mathesons 7¼%	£99		Q7¼%	2.3	17.9	—
35	22	♦Maxsprint 1p	22		—	—	—	—
510	375	Metal Box £1	495	-7	17.25	3.1	5.0	7.4
170	110	Metal Closures	114xd		6.7	2.0	8.4	7.1
17	3	♦Metal Sciences 2½p	6		—	—	—	—
104	73	♦Midland Marts	88		4.0	2.1	7.1	9.6
65½	55½	Mitchell Cotts	59	-1	t4.0	1.5	9.7	8.4
230	182	Morgan Crucible	193	-1	t8.0	1.6	6.0	13.1
32½	22	♦Morris (W) F.A. 20p	32		g0.5	♦	2.2	♦
116	91	Moss (Robt.) 10p	115		3.0	2.5	3.7	12.7
81	64	Mysun Grp 10p	64		g2.5	3.4	5.6	12.2
328	224	♦NMW Computers	255		t4.8	2.7	2.7	19.6
43	28	Nash Inds	35		t2.5	1.5	‡	7.6
48	16	Neil & Spencer 10p	18		♦	—	—	5.4
44	14½	Newman Inds 10p	34		—	—	—	(36.1)
42	26	Nolton	42		t2.17	4.5	4.0	8.1
189	146	Norcros	183		8.6	2.2	6.7	9.1
67	48	Nu-Swift 5p	48	-1	3.0	1.6	8.9	9.2
111	68	Oakwood Grp	105	-2	tt4.5	1.4	6.1	(15.0)
250	150	Office & Elect	243	-6	7.5	2.4	4.4	13.3
108	75	Oldacre 20p	75		4.0	2.6	7.6	6.7

[illegible]

LEISURE—Continued

1985 High	Low	Stock	Price	+ or —	Div Net	C'vr	Y'ld Gr's	P/E
202	170	Chrysalis	200		5.6	2.6	4.0	[illegible]
52	7	♦Entertain Prod 5p	15xd		bd2.25	2.1	21.4	[illegible]
78	50	Fairline Boats 10p	74		t2.63	2.6	5.1	[illegible]
348	228	First Leisure £1	348xd	+25	t6.5	2.8	2.7	[illegible]
69	51	GRA Group 5p	61	-½	—	—	—	[illegible]
32	25	Grampian TVA 10p	28		h1.67	♦	8.5	[illegible]
155	117	HTV Non/Vtg.	150		t7.0	2.9	6.7	[illegible]
148	95	Horizon	100		t4.4	3.6	6.3	[illegible]
184	90	Insight	144xd	-2	t2.5	6.5	2.5	[illegible]
For Intasun see International Leisure								
140	102	Intnl Leisure 10p	128	-2	4.8	3.1	5.4	[illegible]
232	165	Juliana's Hldgs 2p	165		2.0	1.8	1.5	[illegible]
300	217	LWT	290		14.4	2.3	7.1	[illegible]
30	25	♦Leisure Inv 10p	29	+1	—	—	—	[illegible]
65	53	Leisuretime Int 10p	57		t2.1	3.9	5.3	[illegible]
For Magnet Ag M see Chrysalis								
183	153	♦Media Tech Int 20p	180xd		g2.53	♦	2.0	[illegible]
205	124	Medminster 10p	195	-2	t4.85	2.6	3.6	[illegible]
280	175	♦Miss World 10p	218	-5	3.6	4.1	2.4	[illegible]
127½	70	Nationwide Leisure	80xd		t3.75	2.5	6.7	[illegible]
39	15	♦Norsk Int 20c	20		—	—	—	[illegible]
25	19½	♦Owners Abroad	25	+½	1.0	2.2	5.7	[illegible]
53	38	Photax (Lon.)	45	+1	—	—	—	[illegible]
24½	20	♦P'dilly Radio NV 5p	21½		1.87	1.1	12.5	[illegible]
90	30	♦Pineapple Dnc S1 10p	48		d1.5	1.2	5.4	[illegible]
300	183	Pleasurama 5p	300		tt4.6	3.7	2.2	[illegible]
150	109	Do. 7pcCvCnRedPf	150	+2	7%	—	6.7	[illegible]
96	77½	♦Pres Entertain 50p	92		H2.0	2.1	3.1	[illegible]
65	27	♦Radio City 'A' NV	27		t5.6	0.9	‡	[illegible]

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1985 High	Low	Stock	Price	+ or —	Div Net	C'vr	Y'ld Gr's
[illegible]							
120	60	♦Colby Res Corp	65		—	—	—
550	287	Cons. Murch. 10c	380		g026½c	3.9	8.6
40	24	♦Ennex Int. Ir10p	30		—	—	—
215	115	Hampton Areas 10p	132		3.75	0.9	3.8
260	135	♦Highwood Res	165		—	—	—
£22½	£17½	Homestake Mining $1	£21¼	+⅛	Q20c	—	7.9
310	185	♦McFinley Red Lake	190	+5	—	—	—
335	195	♦Musto Explorations	275	-15	—	—	—
55	23	♦New Sabina Res C$1	35		—	—	—
375	245	Northgate C$1	250	+5	—	—	—
685	533	RTZ	550	-8	20.0	2.7	5.2
£145½	£116½	Do. 9½pcLn'95-2000	£124	-3½	Q9½%	14.0	17.6
975	950	♦Tara Expln $1	975	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ *Interim since reduced, passed or deferred.*
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- \# *Price at time of suspension.*
- ¶ *Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.*
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1985. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or —	Stock	Price	+ or —
Albany Inv 20p	99	......	Arnott	205	......
Craig & Rose £1	700	......	CPI Hldgs	62	......
Finlay Pkg. 5p	65	......	Carrol Inds.	140	+2
Higsons Brew	235	......	Dublin Gas	73	......
Holt (Jos) 25p	730	......	Hall (R. & H.)	62xd	......
IoM Stm. £1	90	......	Helton Hldgs.	23	......
IRISH			Irish Ropes	46	......
Fund 11¼% 1988	£101¼	......	Jacob (W.& R.)	80	......
Nat. 9¾% 84/89	£97¾	......	Unidare	109	......
Fin. 13% 97/02	£107⅞	-¼			

"Recent Issues" and "Rights" Page 40
(International Edition Page 40)

FINANCIAL TIMES

Saturday September 21 1985

Thatcher gives invitation to PLO

BY ROGER MATTHEWS IN AQABA, JORDAN

MRS MARGARET THATCHER *announced a big shift in* Britain's Middle East policy yesterday when she invited two members of the Palestine Liberation Organisation's executive committee to London for talks.

The two men, Bishop Elia Khouri, Anglican Bishop of Jordan, and Mr Mohammed Milhem, former mayor of Halhoul on the *Israeli-occupied* West Bank, will meet Sir Geoffrey Howe, Britain's Foreign Secretary, next month as part of a joint Jordanian-Palestinian delegation.

Mrs Thatcher told a Press *conference in the southern Jordanian* port of Aqaba that she had taqen this "fresh and constructive step" in support of King Hussein of Jordan's peace initiative which was launched in conjunction with the PLO last February.

The Prime Minister added that *she* had informed President Reagan in advance of her decision and hoped it would help the U.S. to take a similar step.

Washington has so far failed to agree with King Hussein on the names of Palestinians to be included in a joint delegation. A meeting between the delegation and the U.S. is seen as the first stage of the peace process outlined by King Hussein.

Although British officials have previously met members of the PLO executive, including Mr Yassir Arafat, its chairman, this is the first time Mrs Thatcher has sanctioned a PLO meeting with government ministers.

The Prime Minister described Bishop Khouri and Mr Milhem, both of whom were elected to the PLO executive last November, as "men of peace" who opposed *violence and terrorism.*

Mr Milhem and Bishop Khouri are passionate supporters of Mr Arafat and the Palestinian cause.

Their election to the executive committee underlined a growing belief within the PLO that a military option to solving the Arab-Israeli conflict had disappeared after Israel's *invasion of Lebanon in 1982, and* progress was only possible through negotiation.

Mrs Thatcher said her five-day viist to the Middle East, which began in Egypt on Monday, had helped her decision.

The British move was warmly welcomed by senior members of tht Jordanian Government who had been alarmed by what they considered to be the *negative* attitude of the U.S. One minister said yesterday that he hoped Mrs Thatcher's decision would bring a similar response *from President Reagan.* Mrs Thatcher said she had not yet received any U.S. reaction to her decision.

Israel is certain to be angered by the invitation. It regards the PLO solely as a terrorist organisation and refuses all contact with it.

The Board of Deputies of British Jews condemned the planned talks as a "dangerous departure" from Mrs Thatcher's pledge to take a strong stance against terrorists.

The Deputies said the move could have serious consequences, not least for Anglo-American relations.

Mrs Thatcher is expected to visit Israel in the first half of *next year. However, she* will meet Mr Shimon Peres, the Israeli prime minister, in London before then.

Kharg 'badly hit' in Iraqi air raid

By Richard Johns

KHARG ISLAND, Iran's main oil export terminal, was badly damaged in the Iraqi air attack on Thursday, according to shipping and oil companies.

The news had a swift impact on the spot market where quotations for North Sea oil were up by 10-15 cents yesterday with traders reporting a buyer-seller range of $27.30-27.40 for Brent Blend, the main variety of crude, up 12.5 cents on Thursday. News of the earthquake in Mexico, a major oil producer, also affected the market. Trading however remained thin.

The Sea Island to the west of Kharg was out of action but *it was too early yesterday to* assess the extent of the damage.

Oil and *shipping* executives based in Bahrain had no doubt that the air attack — the 10th since August 15 — constituted the most serious threat so far to the flow of oil from Kharg Island. It accounts for all Iran's export capacity with the exception of the 200,000 barrels a day produced by the offshore Lavab field to the south. Shipments from Kharg had been running at a little over 1m barrels a day.

In Thursday's raid a small North Korean tanker, the Son Bong, was set ablaze. Flames could be seen up to 40 miles away—a proximity in itself sufficient to close the facility. The Son Bong, later sank, according to Lloyds shipping *intelligence service.*

A National Iranian Oil Company official claimed in London *claimed* that scarcely any damage had been done. "We could load today from Sea Island," he said.

The T-jetty on the other side of the island which has been damaged in several air strikes *since August 15, was apparently* unaffected by the latest raid.

Only the Sea Island, however, can *accommodate* the carriers of 250,000 deadweight tonnes or more, like those chartered by the Iranians to ferry oil to Sirri Island, in the lower Gulf beyond the range of Iraqi aircraft, for onward transhipment.

Senior Iraqi oil officials have recently said privately that Baghdad's aim is now to wipe out the Kharg Island facilities completely in a bid to bring an end to the Gulf War, five years old on Monday. Until August the Iranian strategy was to harass and disrupt oil traffic but not to stop it altogether because of the apprehensions of other Arab oil producers about an escalation of the war.

Saudi Arabia oil production, Page 7

THE LEX COLUMN

No particular place to go

Index fell 5.6 to 1002.2

The UK economy may be growing *in a surprisingly bouncy* fashion, according to the official figures, but confidence is not exactly the equity market's keynote at present; for quite a while the market has shown no more sense of direction than is required to fill in takeover acceptance forms. Even in the midst of the half-year results season, it is the ebb and flow *of bid activity that is running* this market, more than the weight of evidence about corporate earnings.

What the profits figures seem to show, underneath the froth, is a shade disappointing, but *not sufficiently* to undermine the current level of the market. Dividends, at least, are growing at a rate decently into double figures, and in some cases are being hoisted quite sharply even when earnings appear to *have taken a breather.* This discrepancy is easy for companies to justify, however, since corporate cash flow remains positive and it will be a long time, at present rates of increase, before dividend cover even approaches the threadbare state it was in a few years ago.

Australia

This week's packet of tax proposals from the Australian Labor Government might have been drawn up by Mr Hattersley, but revised by Mr Lawson. Besides the introduction of a capital gains tax and a bit of corporate tax-bashing, there are also steps towards fiscal neutrality and wider share-ownership.

It was, therefore, not all that surprising that the Australian equity markets (like the London market yesterday) did not waste too much time work*ing out the impact on the* service sector, or the motor industry, from the taxation of business entertainment and company cars. The market went back to its favourite sport of spotting bid stocks with BHP, *the market heavyweight, enjoying the touch of* Boone Pickens rumour to carry the All Ordinaries Index up 2.3 points to 945.6. The bond market considered the measures' effect on borrowing by the Government and a slightly more highly taxed corporate sector, decided it was neutral and went out to a first non-tax deductible lunch.

More sober reflection on the *increase in business costs may* change market attitudes: estimates of as much as 15 per cent on the corporate bill were flying about yesterday. No doubt, the service sector can pass these on, with a lag, given the buoyancy of real incomes; while the effect on the newly fashionable banks of the taxation of employee mortgages is pretty small beer in earnings terms.

More troublesome is the pro*posal to tax overseas earnings* at the Australian rate, which is to be increased for companies by three points to 49 per cent. It is not entirely clear whether this applies to more than remitted income; *clearly, Australian tax on over*seas earnings per se would prompt thoughts of a change of domicile for companies active in low-tax countries or those with a falling tax rate such as the UK. The London *stock-market could not make up* its mind yesterday whether such a tax-efficient company as Elders IXL was more or less likely to launch its bid for Allied-Lyons.

The removal of double taxation on dividends for Australian residents is an obvious bonus for the equity market. Taken with a capital gains tax that is indexed for inflation, thus encouraging a longer view of equity holdings, it could be that the speculative, low-yielding companies that have ridden the takeover boom may *go somewhat out of fashion.* Perhaps more likely is that the takeover specialists will offer cash premiums to account for the capital gains liability or move into paper.

Unilever/R-V

The use of poison pills, shark repellents *and golden* parachutes has already added fire-power to the defence in U.S. take-overs. But the attackers are now not far behind, and the aggressive tactics are no less in evidence from European *bidders* than from their American counterparts with more practice in the art. Both Hanson Trust and Unilever have sued their U.S. target companies this week: Hanson talking of "a conspiracy on the part of SCM management and its directors" and Unilever alleging that Richardson-Vicks acted illegally in buying in its own shares and *trying to issue* more voting stock.

In Unilever's case, at least, the litigation seems to be paying off. One judge has already restrained Richardson-Vicks from issuing new shares until a full hearing next week. If Unilever's complaints are upheld, shareholder sentiment is likely to turn against Richardson-Vicks, a company with a less than sparkling profits record.

Earlier in the week, the market half expected Unilever to increase its offer. The company has obviously set its heart on winning this battle, since the fit seems unmatchably good. And it has the money—the $1.35bn it is offering will make little dent on its balance sheet. But now that Unilever seems to have the legal cards stacked in its favour, Richardson-Vicks shareholders must have decided *that the exit p/e of 19 is pretty* good value. By yesterday afternoon, their shares had dropped $¾ to $46¼, below both of Unilever's bids. If the Richardson family is not careful, it may find itself holding an all but *useless minority stake.*

Shake-up at Sinclair Research

By Jason Crisp

SINCLAIR RESEARCH, the troubled home computer group, has undergone a major shake-up with nine directors losing their places on the board which has ben reduced to a team of five.

The reduction is part of a move to try to build a more *professional organisation following* the company's financial crisis during the summer.

The most prominent departure is Mr Robb Wilmot, chairman of ICL, who joined Sinclair Research this year to help the company set up an ambitious project to make an advanced form of microchip.

Mr Wilmot, who joined before the extent of the company's difficulties became clear, added credibility to Sinclair Research at a time when its reputation in the City was fading fast. Last month he became one of the founders of European *Silicon* Structures, an all European specialist microchip venture.

The new Sinclair board still includes Sir Clive Sinclair, the company's founder and major shareholder, who is non-executive chairman. He is to concentrate on the technical side of the business.

Mr Bill Jeffrey, recently appointed managing director, said last night: "The reduction in the size of the board will not only improve operational efficiency, but will also allow us to draft in outside expertise."

The only non-executive director from the old board to remain is Mr Kenneth Dick, a director of N. M. Rothschild, Sinclair's financial adviser. Departures include non-executive directors Mr Ronald Coben and Mr Christopher Fawkes. The only executive director who is leaving the company is Mr Richard *Cutting.*

Directors who have lost their board seats but remain with the company include Mr Jim Westwood, Mr Nigel Searle, former managing director and now head of the U.S. operation, Mr *Michael Pye, Mr Dave Chatten* and Mr David Southward.

The company is reorganising and expects to lose 20 of its remaining 120 employees. Sinclair Research, which subcontracts all its manufacturing has lost about 10 jobs through natural wastage. The company is to close its offices in the centre of Cambridge and move *staff to its research facility just* outside the town.

Steel says Alliance will be only credible alternative to Thatcher

BY PETER RIDDELL, POLITICAL EDITOR, IN DUNDEE

MR DAVID STEEL, the Liberal leader, *ended a successful fort*night of conferences for the two Alliance parties yesterday by claiming at the Liberal Assembly that after the next General Election the Alliance would be the only credible alternative to Thatcherism.

Speaking from a platform which featured a large photograph of him and of Dr David Owen, the Social Democratic leader, Mr Steel took as a main theme the need to recapture the traditional British values of public service and local democracy and fraternity.

Dismissing Labour as in retreat, he said the recovery *of* the country rested with the Alliance.

He concentrated his fire on the Prime Minister and her approach, which he said was losing public consent. Mrs *Thatcher's highest ideals* were the "shabby values of Dallas or Dynasty, where the poor are kept safely off the screen."

Mr Steel's speech, though at times low-key, was well received by the delegates, sinc ehis references to a future Alliance Government reflected their mood of self-confidence this week, and their clear desire to win power.

The sense of responsibiliy evident in the Liberal Assembly, in contrast to previous years, was highlighted yesterday afternoon after Mr Steel's speech.

Following the liveliest debate of the week, delegates voted to back the *joint Alliance Commis*sion report on Northern Ireland, published two months ago. This followed warnings by Liberal MPs that defeat would create a bad public impression.

The decision was welcome by *Liberal and SDP leaders as a* further sign of Alliance unity.

Mr Steel will seek to build on the gains achieved during a ten-day tour of 27 universities early next month,

His speech contained little *new on economic policy* and nothing on relations with the trade unions.

This reflected a similar vagueness in Thursday's debate on the economy, and Tory and Labour MPs present in Dundee believe the Alliance, especially the Liberals, vunerable on this point.

The Liberal leader was careful, however, to warn that the *Alliance must not promise too* much since the strains on public-sector borrowing would be "immense." There could not be massive commitments to extra public spending, he said.

Mr Steel referred to use of *Government grants to regional* and local enterprise agencies, to the impact of derelict land grants and home improvement grants, and to use of "soft" loans and guarantee finance for large export orders.

He claimed that profit-sharing could reduce Britain's susceptibility to wage-push inflation, and that an Alliance Government would insist on it as part of an incomes strategy.

Mr Steel said the CBI was *probably right in wanting to* hold pay rises at 4 per cent, but that employees would show more understanding if a *share* of profits went into their pockets.

Conference report, Page 5

Lower pay settlements expected

BY JOHN LLOYD, INDUSTRIAL EDITOR

BUSINESS AND Government believe rises over the coming pay round may *be pushed down* by 1 or 2 percentage points from this year's levels.

The Confederation of British Industry is cajoling member-companies to cut deals by at least 2 percentage points on the 4.5 per cent to 7.5 per cent spread of settlements achieved in the past year.

Still in the early stages of a persuasion exercise, the confederation is finding cautious optimism, though no promises.

The confederation has received many lectures from Mrs Thatcher, the Chancellor *and other ministers* on the need to reduce pay levels, to help competitiveness.

Make or Break, a document being shown to senior executives, is an uncompromising assertion that unless rises are reduced, free determination of pay will be at risk.

Confederation officials and ministers see the Retail Price *index as the crucial factor,* and believe the climate for bargaining will be set in about December and January.

They hope a further drop in the index in general and the mortgage rate in particular will open the way to moderate settlements at about the 4 per cent mark.

They look back hopefully to the 1979-80 bargaining round when rises fell from about 16 per cent to about 8 per cent within a few months as the index dropped sharply.

It is also recognised that the pay round is now more diffuse, with less weight given to settlements once regarded as crucial, such as those with the mine*workers or at Ford.*

Many large settlements have moved on from the last quarter of the year to the first quarter. Many negotiations which begin in October or November, for example, in the engineering industry are often prolonged until January or February, though the settlement date should be November.

Last week's offer to 1m local-authority manual workers which would put 8 per cent on the annual pay bill if accepted is not seen as a spur for the private sector. There, settlements have been ahead of the public sector for the past few years.

It is also not seen as having an immediate knock-on effect on other public-sector groups, though it is feared it could store up trouble in the National Health Service in the following year.

Neither ministers nor employers expects a pay explosion this year, a view tacitly shared by many union leaders.

Nonetheless, unions are deeply sceptical over the confederation's pitch and say it appears to contain nothing which would guarantee investment taking place if pay rises were moderated.

The unions will also use recent months' examples of high pay rises for senior *managers and for top civil ser*vants to justify high claims.

They believe that any argument for employers for low settlements will be the less credible because of these rises and because of lack of evidence that *belt-tightening has been* under way in the executive suite.

Make or Break, available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU. £3.

Continued from Page 1

4% growth

growth in exports with some reduction in imports. This partly reflects reduced oil consumption in power stations after the end of the coal strike, but other exports too have been doing reasonably well.

Consumers' expenditure rose by about 1½ per cent in the second quarter of the year compared with the first quarter level after a rather flat trend in the early part of the year.

Although most forecasters, including those at the Treasury, *expect some slowing-down in the* pace of economic recovery next year, yesterday's figures will encourage ministers to believe that the economy is still moving ahead with its strong momentum.

The statistical office said yesterday that on past experience it would expect the latest figures to be revised to *show annual growth within* the 3½ to 5½ range for the second quarter, excluding the effects of the miners' strike.

The growth of GDP in money terms is put at 9½ per cent for the period; the GDP deflator, which measures domestically generated inflation, rose by 5 per cent in the period.

The real income of the UK, as *shown by the gross national* disposable income at market prices, rose by 4 per cent between the second quarters of *1984 and 1985.*

This partly reflected a 29 per cent rise in company profits during the period, after allowing for changes in the value of stocks.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 11¾pc 03-07	£112¼	+ ½
Argyll Group	340	+ 6
Baird (Wm)	398	+ 18
Boase Massimi Plt	350	+ 15
Burgess Products	148	+ 10
Contl Microwave	345	+ 25
Cookson	298	+ 16
Dee Corp	303	+ 13
First Leisure	348	+ 25
Greenall Whitley	190	+ 8
Hall (M.)	185	+ 11
Laing (J.)	274	+ 11
Marler Estates	140	+ 18
Provident Financial	277	+ 5
Robinson (Thos)	114	+ 11
Rugby Port Cement	127	+ 4
Scottish Heritable	102	+ 10
Simon Eng	210	+ 8
TI	404	+ 16
Vickers	290	+ 9
Woolworth	475	+ 10
FALLS		
APV	258	− 12
Blundell-Permoglaze	90	− 19
Cass Group	125	− 10
Fergabrook	27	− 7
ICI	644	− 15
Ind Fin Inv Corp	150	− 11
Jebsens Drilling	50	− 15
Royal Insce	673	− 9
Unitech	203	− 20

WORLDWIDE WEATHER

UK today: Cloudy but mainly dry in South, some bright intervals. Rain and windy in North. Sunday, Rain.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	23	73	Corfu	S	29	84	Luxmbg.	S	21	70	Peking		—	—
Algiers	S	27	81	Dallas†	S	22	72	Madeira	C	25	77	Perth	S	26	79
Amsdm.	R	15	59	Dublin	R	12	54	Madrid	S	25	77	Prague	S	26	79
Athens	S	29	84	Dbrvnk.	S	27	81	Majorca	S	28	82	Reykjvk.	S	5	41
Bahrain	S	35	95	Ednbgh.	C	12	54	Malaga	F	26	79	Rhodes	S	28	82
Barclna.	S	25	77	Faro	C	23	73	Malta		—	—	Rio J'o		—	—
Beirut	S	30	86	Florence	F	29	84	M'chstr.	F	15	59	Rome	F	25	77
Belfast	C	11	52	Frankft.	S	23	73	Melbne.	C	12	54	Salzbrg.	S	26	79
Belgrd.	S	28	82	Geneva	S	24	75	Mx. C.		—	—	S F'cisc†	C	13	55
Berlin	F	19	66	Gibraltar	C	23	73	Miami†	F	23	73	Singapr.	F	31	88
Biarritz	S	24	75	Glasgow	F	12	54	Milan	S	25	77	S'tiago		—	—
Bmghm.	F	14	57	G'nsey	C	16	61	Montrl.†	C	20	68	Stckhm.	S	15	59
Blackpl.	F	14	57	Helsinki	F	16	61	Moscow	S	14	57	Strasbg.	S	26	79
Bombay		—	—	H. Kong	C	25	77	Munich	S	25	77	Sydney	C	15	59
Bordx.	S	26	79	Innsbrk.	S	24	75	Nairobi	F	27	81	Tangier	F	22	72
Boulgn.	C	17	63	Invrnss.	F	10	50	Naples	C	24	75	Tel Aviv	S	32	90
Bristol	C	15	59	I.o.Man	C	13	55	Nassau		—	—	Tenerife		—	—
Brussels	F	19	66	Istanbul	S	24	75	Nwcstl.	F	13	55	Tokyo	F	28	82
Budpst.	S	26	79	Jersey	F	19	66	N Delhi	F	31	88	T'ronto†	S	18	64
Cairo		—	—	Jo'burg	S	25	77	N York†	S	21	70	Tunis	S	31	88
Cardiff	F	15	59	L. Pims.	F	24	75	Nice	C	27	81	Valencia	S	27	81
Cape T.	S	18	64	Lisbon	F	22	72	Nicosia	S	30	86	Venice	S	24	75
Chicago†	S	18	64	Locarno	S	22	72	Oporto	S	23	73	Vienna	S	24	75
Cologne	F	21	70	London	C	16	61	Oslo	S	14	57	Warsaw	F	21	70
Cpnhgn.	S	16	61	L. Ang.†	F	15	59	Paris	S	23	73	Zurich	S	23	73

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Dollar hit Continued from Page 1

But fixed investment by business and net exports are expected to be little changed, and a decrease in spending on stocks evident in the second quarter is likely to have continued in the third quarter.

There are fears that part of the strong consumer demand in the third quarter has been "borrowed" from the fourth quarter as a result of car sales incentives.

It is believed that consumers *cut their savings in August to* their lowest level in a quarter of a century by taking on rapidly increasing debt burdens.

The flash report also suggested a slight acceleration in the pace of inflation. The GNP implicit price deflator is expected to increase by 3.1 per cent in the third quarter, compared with 2.6 per cent in the second.

If the estimate is confirmed by the "official" preliminary GNP estimate to be published next month, based on more complete data, it will tend to increase concern about the fading U.S. impetus to world economic growth.

It gives the Democrats on Capitol Hill ammunition for the attack they are launching through the trade policy debate on the Administration's 1985 economic policies in general.

Mexican earthquake Continued from Page 1

capital, which is especially susceptible to earthquakes because it is built over an old lake bed and on very soft soil.

Reports from these western states were fragmentary. In Jalisco more than 150 people were said to have been killed and 1,500 injured. In Michoacan, *two* beach hotels at Playa Azul were levelled. Acapulco, the main tourist resort was said to be relatively unscathed.

The oil industry was unaffected, being on the east coast, according to Pemex, the national oil company.

The Pacific port of Lazaro Cardenas was said to have sustained heavy damage. This is the main outlet for Mexico's steel exports.

A Red Cross team was sent yesterday from Geneva to assess the situation. France chartered an aircraft with 110 doctors to stand by. President Ronald Reagan *of* the U.S. offered assistance and the British Government made available £60,000 in immediate aid.

In London yesterday, there was speculation that the Royal Insurance group, one of Britain's largest in the field, had the biggest exposure *in the UK to claims from* Mexico. But the group appears to have laid off many of its risks with other groups. Once it has collected money due on its own policies, which it has taken out to protect *itself against onerous losses,* its net exposure could be £2m to £3m.

Financial Times Saturday September 21 1985

WEEKEND FT

Saturday September 21 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

The new farmers

By Andrew Gowers

We plough the fields, and scatter
The good seed on the land,
But it is fed and watered
By God's Almighty Hand . . .

THE WORDS are those of Jane Montgomery Campbell in the 19th century and chances are they will be heard in many rural churches this month as Britain's dwindling band of farmers—plus the growing number of other country-dwellers—celebrate the harvest festival. The trouble is, there might not be all that much to celebrate: this year's grain harvest has been one of the most difficult in decades, sodden by rain and flattened by wind.

Despite this, technological advances—such as detailed, often computerised, budget planning; scientific application of fertilisers and other chemicals; and short, sharp bursts of capital intensive work on the land—mean the amount harvested could be second only to last year's record. Against that, the poor quality of the crop might mean much of it is suitable only for cheap animal feed, thus hitting profits.

British agriculture has undergone a revolution in the past 20 years, especially since 1973 when the UK joined the EEC and started to cash in on the hefty subsidies provided by the Common Agricultural Policy (CAP). Techniques now would be almost unrecognisable to a farmer of the 1950s; unlike the image of Ms Campbell's hymn, no self-respecting farmer would any longer dream of scattering the good seed. That would be an unscientific and wasteful use of a valuable commodity. In fact, many of them seek to avoid ploughing the fields altogether.

What follows is a portrait of one modern British farm—at Deben, in East Anglia—and the men who run it . . .

THE GENTLY rolling Constable country north of Ipswich, where Deben farm is located, has seen a transformation as remarkable as any in farming over the past 20 or 30 years. It is one corner of the domain of the famous "grain barons" who have profited more than any other type of British farmer from the influx of money brought by the CAP.

Rolls-Royces purr through the narrow but well-made Suffolk lanes, when they are not blocked by bulky agricultural machines; you can almost scent quiet and confident prosperity on the breeze.

Robin Coe, who oversees Deben and six other farms dotted across the Fens, is not an obvious member of the local squirearchy, however. Like any labourer on the land (including Brian Reynolds, the individual manager under him at Deben), he is a hired man, employed for his expertise.

Unlike most of Britain's farm labourers, who still tend to work for one master apiece, he is also a company man. His immediate bosses are several, ranging from financial institutions to City gents such as James Adeane, who owns Deben. And although his uniform is farmers' green tweed rather than a business suit, he is responsible ultimately to a board of directors like any other senior manager.

That is not for any lack of desire to be a traditional independent farmer. "But that is getting less and less possible," he says. "The price of good land hasn't dropped that much, and working capital remains very expensive. Also, the schemes that local councils used to run to help would-be farmers are drying up."

Coe works for Velcourt, a management company that runs farms all over the prime grain-growing areas of Britain on behalf of (or in partnership with) pension funds, merchant banks or wealthy individuals. Velcourt likes to cultivate a dashing image; its chief executive, Robin Malim, hops untiringly from one estate to another in a private plane. Its farms are run by teams of managers in fleets of comfortable cars, keeping in constant touch by short-wave radio.

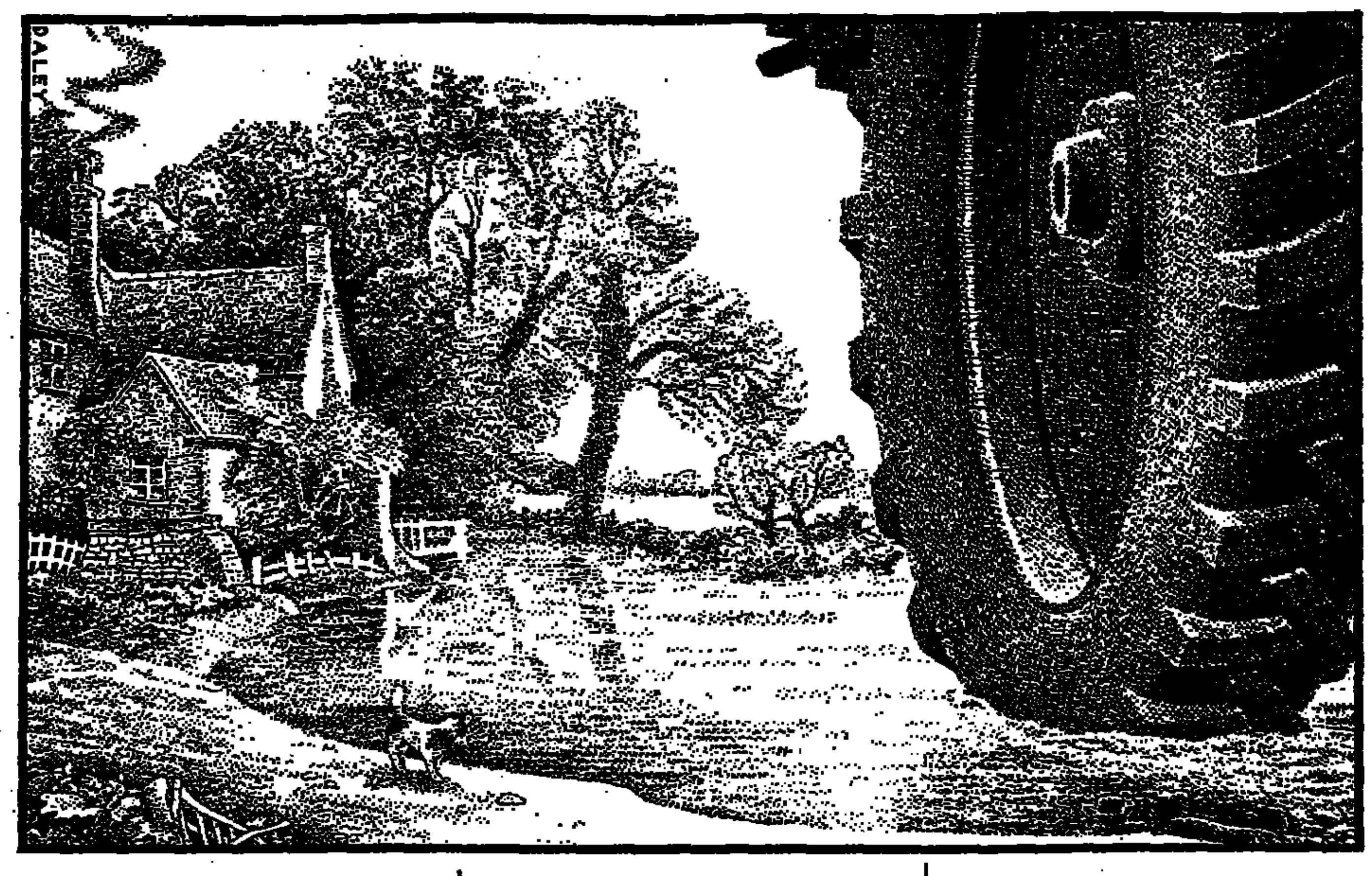
By the same token, the company is viewed with suspicion at best, and loathing at worst, by many ordinary farmers. Its declared dedication to the most capital-intensive style of high-input, high-output farming has also brought wider opprobrium on its head—for example, from conservationists who oppose uprooting hedgerows and trees in order to create more open space for prairie-style agriculture (although Velcourt now boasts loudly about its tree-planting activities).

Velcourt is certainly not the only farm management company of its type in Britain, and probably not the most advanced in its agricultural techniques. But it does typify the professional spirit institutions have come to expect from their managers; and, in all likelihood, its practices roughly reflect the state of the art.

Coe himself is in a good position to assess the changed world of farming. Now 49, he was born and bred on a Suffolk smallholding and did his training at a local agricultural institute which was the first of its kind in Britain when set up early in the 1920s. He entered agriculture proper as an assistant manager on a 600-acre mixed farm on the Norfolk-Suffolk border growing cereals, sugar beet, potatoes and peas as well as raising most forms of livestock.

That, in itself, sounds like an anachronism today, at least in East Anglia where there has been a tremendous move to specialised, mainly arable farms over the past 20 years, with every inch of fertile land ploughed up to cash in on grain subsidies and government capital grants. Dairy farming, meanwhile, has tended to become increasingly concentrated in the west.

"The debate over specialised versus mixed farming has been overtaken by events," says Coe. "Cereals have been very profitable and people have jumped on that bandwagon. The pace has accelerated immensely since we joined the Common Market and corn prices rocketed with official guarantees."



The result has been an enormous increase in the scale of just about everything to do with farming: the size of holdings and fields following the consolidation of farms and the now controversial removal of hedgerows; the scale of tractors and other machinery for ploughing, sowing, harvesting and handling grain in bulk; the number of cows in an average dairy herd, and so forth.

Coe sees this, together with the shrinking of the work force and the increasing application of sophisticated mechanical or chemical aids, as the biggest difference between the 1950s and now. "I was trained to use horses for ploughing and yard work," he recalls. The only horses to be seen on a modern farm are most likely to be kept for the amusement of the owner's daughters.

As Coe sees it, farming has gone through two distinct periods of development in recent decades. "The Sixties were more a time of mechanisation in livestock and arable farming, mainly as a result of the rise in labour costs. Cereal yields, by contrast, didn't change much, and relatively little work was done on that side of things. Prices bore little comparison with those of today, with wheat at around £20 a tonne. In the 1970s came the work on yields, accompanied by a continuing outflow of labour."

There is not a single part of the farmer's year that has been left untouched by change. Take Deben farm, where potatoes, carrots, sugar beet and oilseed rape are grown along with wheat, barley and rye.

● **JUNE** is when the year starts. It is a quiet period for conventional farming activity so it has now become budget time. Budgeting has become a much more detailed and precise exercise in the past few years for most farmers, in part reflecting the fact that farming has become a good deal more predictable. "Years do vary, though less than they did, primarily because of the high inputs of chemicals and growth regulators we use on our crops now," says Coe.

On Velcourt farms, the manager is expected to forecast crop yields and prices for the coming agricultural year (that is, for those crops about to be sown): detail the amounts of seed, fertiliser, pesticide and growth regulator he needs and exactly when he is going to apply them; keep track of potential machinery faults or replacement needs; take account of anticipated labour costs; and boil it all down to a calculation of gross margins, total fixed costs, a monthly cash-flow prediction, and even a three-year forward plan.

● **JULY:** As the budget is ripening and the crops are absorbing what sun they can get, along with their final dose of pesticide spray, Coe is beginning to turn his mind to the harvest. Most of his men are probably on holiday about this time.

The first crop to start coming out of the ground, during June, is that of early potatoes, now increasingly grown under a sea of plastic sheeting. By tradition, the "earlies"—grown by relatively few farmers—are a highly profitable crop, although returns have been hit badly this year by a glut of supplies that cut prices in half during early summer.

● **AUGUST:** Activity is moving into top gear and a batch of temporary workers—mainly students from agricultural college—arrives on the farm. Coe employs about 17 helpers over the harvest season on his six farms. But the most important aid of all is, of course, the combine harvester. Coe recalls his first primitive experience of these machines in 1956 — a Claas-500 towed behind a tractor and driven by a separate engine. It cut about 10 acres a day, yielding about 15 tonnes. Last year, he bought a new machine of the same make, with a list price of £98,000. "On a good day, that will harvest 150 tonnes of corn from 60 acres—with half the manpower used 30 years ago."

This year, as everybody knows by now, combining was severely hampered by the weather. On Deben farm, barley harvesting should ideally have been completed by the end of July; it did not actually end until August 22. When the machines were able to lumber into the fields, they found the going rough and the grain difficult to lift.

● **SEPTEMBER** always used to be a month when farmers could take things a little easier after gathering in the crops. This was mainly because most cereal crops were sown in the spring, so the fields had plenty of time to recover before their next productive period started. Not any longer. Directly after the harvest, the race is on to clear the fields of straw—the bane of cereal farmers' lives—and prepare them for the next crop.

The shift to autumn-sown crops has gathered steam over the past few years, as farmers have discovered them to be much higher-yielding and more reliable than the spring varieties. Because winter-sown plants spend longer in the ground, there is greater scope for massaging yields upwards through use of nitrogenous fertilisers; and the recent proliferation of new types of agrochemicals has reduced sharply the dangers posed by weeds and diseases.

● **OCTOBER:** As the autumn advances, the arsenal of gadgetry working the fields seems ever more weird and wonderful, like vehicles for plying the surface of the moon rather than East Anglia. Out come the power cultivators to prepare proper seedbeds, the mechanical seed drills and the sugar beet harvesters.

With sugar, a commodity even more calamitously in surplus on the world market than grain, a similar mechanical transformation is taking place. Yields are beginning to creep upwards, and Deben farm now has a harvester that can handle six rows of plants and harvest 20 acres of beet a day, compared with only eight acres about a decade ago. Coe believes such developments are set to accelerate.

● **NOVEMBER:** From here on, the farm begins gradually to go into hibernation. The labourers leave on holiday and those at home settle down to repair the machines for next summer's onslaught. Every so often, the sprayers are out doing battle with weeds and pests—and almost invariably winning.

● **DECEMBER:** Ploughing for the next spring crops will commence. The carrot harvest—lucrative as a stop-gap between the other crops—also takes place. Coe and his other farm managers will still trudge into the fields during the winter to make their assessments of the crops, but the human eye is now supplemented by mechanical aids in gauging growth rates to a minute degree.

● **JANUARY:** Even bird-scaring—essential in this month when flocks of geese settle on the fertile marshlands next to the River Deben—is not what it was. Velcourt managers have used automatic propane guns that cause a minor explosion every 20 minutes, kites that look like hawks, and even a remote-control model plane, to get rid of the intruders.

● **FEBRUARY:** The first stirrings of the new calendar year happen now when Coe lashes nitrogen on the crops "to wake them up." It is in the spring that the use of chemicals really comes into its own. The seeds of this technological revolution in cereal-growing were sown originally on the Continent. For Velcourt, the real clincher, was marrying three different strands of research: into the use of nitrogen, which increases the weight of an ear of corn; into so-called "growth regulators," which stiffen the stalk of the cereal plant enough to carry the heavier head; and into fungicides. "All of these must be made to work together," says David Whitley, the company's in-house agronomist.

The effect on productivity has been nothing short of explosive, and effectively has enabled farmers to more than offset any price restraint handed down by the EEC. Prices may have fallen in real terms, and input costs may have risen; but through the sheer increase in volume of production, the farmers have, more or less, stayed one jump ahead.

The trouble is that the highest-yielding and most popular varieties among farmers — the poorer-quality wheats used in animal feed—have tended to be less in demand on the market. This is one reason for the particular severity of the UK's surplus problem.

● **MARCH:** The big potato planting month, aided now by another extra-terrestrial machine that removes the stones from the soil.

● **APRIL:** Planting of potatoes and sugar beet should be over by the early part of this month and, apart from regular spraying of the crops with fertilisers and chemicals, activity on the farm begins to tail off ahead of the busy summer. These days, Coe reckons to make up to 12 applications of chemicals during a season, compared with only a couple a few years ago.

● **MAY:** All that remains for the managers is to let the weather and the chemicals do their work for the next harvest—and to start poring over the computer printouts for next year's budget.

As the harvest festivals continue over the next couple of weeks, farmers may be feeling depressed about this year's profits; but they will also have cause to reflect on how much they have succeeded in protecting themselves from the worst that the weather can do. They will, however, be acutely and gloomily aware that, these days, there are limits to EEC largesse. The party might just be coming to an end.

The Long View

Stagflation: a cure for sleepless bankers

THE OLD joke about the swan—gracefully serene above the water, but paddling away like mad just below the surface — might have been coined to describe central bankers in the 1980s. The debt crisis that suddenly showed its head like a sea monster three years ago is not only still there, threatening to gobble up all the swans, but it is getting bigger. It now embraces not just Mexico — back at the centre of worry—and the other poor countries in debt. The whole U.S. farm sector, now owing some $200bn, is potentially an even bigger problem. On the west coast of the U.S., major banks (including our own Midland's Crocker subsidiary) are in deep trouble because of falling land values.

The debt crisis that suddenly showed its head like a sea monster three years ago is still getting bigger. But now, says Anthony Harris, there's an even more pressing concern . . . oil.

Now, there is a still-more-pressing worry: oil. If you wonder why sterling has been almost unaffected by the latest wave of talk about an oil price collapse, while the UK Government found eager takers for more than $2bn of floating rate debt, it is because Britain is one ofthe less vulnerable victims of a fall in the price. Producers in deep debt, including Nigeria and Venezuela as well as Mexico, could become basket cases.

Still worse, in a sense, is the threat that banks in Texas and across the U.S. oil-producing belt might be forced to recognise some reality in their balance sheets. Huge loans were made on the supposition that oil would rise to $50 a barrel: and property values, especially in Texas, were financed up to crazy levels in the same euphoria.

The danger now is not only of write-offs in bank balance sheets that would make profitability a very distant prospect, but bankruptcy and outright delinquency among borrowers. Farmers and householders in the U.S. with debts far bigger than the present value of their properties, are restoring in alarming numbers to the simple midnight flit, taking everything portable with them.

In these circumstances, a large new borrowing by a respectable borrower such as Sweden or the UK is a wonderful opportunity to improve the average quality of the balance sheet; and indeed, so far as the average American bank is concerned, lending to governments is the only game left. As most people know, the U.S. banks have been financing some of the vast American trade deficit by pulling back their foreign loans as fast as they can, which is one reason the dollar stays strong. What is remarked less often outside the U.S. is that they also have stopped lending domestically, except to consumers. Corporate loans have grown at only about $1bn a month since the spring of 1984, and have actually stood stock still for the last ten months.

The true situation is much worse than this. Sound borrowers have been repaying debt, borrowing heavily in the bond and commercial paper markets. The banks are left with what Professor Hyman Minsky has christened Ponzi finance, in memory of an historic fraud. They are writing down as new loans the interest that their weaker borrowers are unable to pay, and often crediting themselves with fees (borrowed) as well.

You might think the Atlantic puts a comfortably wide gulf between ourselves, with our profitable banks, firmish property market, and booming loan growth, and this American horro show; but it has become clear this summmer that our own central bankers are not so complacent. Where the Bank of England used positively to encourage our own banks to take full and bold advantage of the opportunities of deregulation and diversification, the directors—and notably the Deputy Governor, Kit McMahon — have taken recently to issuing some remarkably blunt warnings. The swan looks agitated even above the water.

The picture that emerges from his carefully measured words is disturbing enough. He talks of banks lending at margins that make almost no allowance for risk; and of managers struggling with new markets they do not understand and exposing themselves to risks of which they are sometimes wholly unaware, and sometimes unable to measure. Even the drive by central banks to shore up the capital base of the whole system is sometimes mismanaged. McMahon complains that some supervisors still are allowing banks to count IOUs from other banks as reserves.

Why has he become so frank? Not, I suspect because he enjoys frightening the investor or the street (for the rating of bank shares already shows that they have seen through the pretensions of bankers), but because of what central bankers call moral hazard. The financial dangers are such that they are forced to shore up the system — just as the Bank itself was forced, with intense distaste, to rescue Johnson Matthey Bankers; but the guarantee of bale-out can make bankers complacent and oblivious to risk unless they are kept awake by clear warnings that Big Brother is watching their every move.

The warnings, in short, may help to reduce the risk of a real catastrophe; but the alternative is not exactly appetising. The process of supplying enough funds to keep the system afloat, while applying enough discouragement, by way of warnings and punitive interest rates, to prevent overheating, is the banking reflection of what we know as stagflation. Indeed, I would argue that it is the cause of stagflation.

The sad thing is that stagflation, dreary though it is, looks better than the available alternatives. I will return next week to the question of how to make it more bearable.

• CONTENTS •

Martinis, anyone? United Biscuits puzzles pundits

The rationale behind United Biscuits' $73m (£55m) purchase of a *business producing black* and green olives from the troubled Early California Industries appears vague to say the least. At a push olives might be described as a snack and so they could complement UB's existing U.S. snack business, though it seems more likely that the deal was struck because some Californian bankers were pushing Early to get some cash in and the asking price looked too good for UB to turn its back.

Early's olive division made a profit of $10m in the year to last March, it has 28 per cent of the black olive market and 8 per cent of the green and the market overall is growing by around 10 per cent a year. UB should be able to cut overheads and its existing Speciality Brands subsidiary could do with some more products to plug into the distribution chain. The business does not need vast amounts of money spent on it and there is no question of earnings dilution. Next year UB could net £6m pre-tax from its new subsidiary.

So there may be some good reasons for the acquisition though if the purchase appears to be a steal it is worth noting that the Californian olive crop is pretty volatile so UB cannot count on a steady income stream. And for investors the sight of management tackling some of their underperforming operations might be more welcome than the picture of *them going out to buy more* companies, even if the price is right.

Because Woolworth makes the bulk of its money in the second half the interim figures are never particularly en*lightening. This week pre-tax* profits emerged at £7.5m against £0.6m which may seem to be a big improvement but in the context of sales of almost £770m is neither here nor there. Nevertheless there are some interesting numbers to be drawn from the divisional break-down.

The core business saw reduced losses of £14.7m at the operating level against £24.8m. That appears a reasonable *enough performance but so it* should. Surprisingly perhaps the stores do react quite markedly to swings in consumer spending with areas such as records and tapes fairing particularly well if discretionary spending shows an upturn.

But the real action at Woolies is beyond its traditional stores. B & Q, the DIY chain, is showing its worth with profits of £16m in the half year against £11.7m. It is difficult to construct exact comparisons with others in the sector on a like-for-like basis but it would seem that B & Q's sales rose by 15 per cent against 9 per cent for Home Charm's existing stores. Even allowing for the differences of interpretation the evidence clearly points to B & Q processing very well.

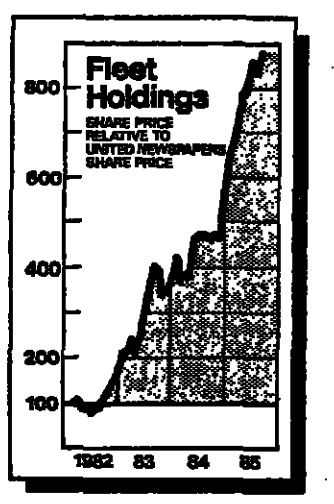
It will be the DIY business that provides much of the *growth* this year. B & Q's profits could rise by £10m to £38m helping raise the group total by almost £25m to £80m. Despite any misgivings about the ultimate success of its traditional high street stores — and there are still a lot of misgivings in *the City, despite the manage*ment's success in cutting costs —the shares are attractive because of B & Q alone.

And it will be the management of the DIY division which pushes for diversification.

London

Household DIY is only one step removed from car maintenance, *and Wolworth is keen to in*crease its exposure to that market. It tried to take a quantum leap forward at one stage by the purchase of Unipart, BL's retail chain. The Woolworth men were evidently politely told to shop elsewhere, as Unipart is going public under is own steam. Though to judge by its poor showing within BL's half-year figures this week, perhaps thoe who were initially disappointed are now a touch relieved. Out-of-town furniture retailing might be a much better idea.

Although the analysts were kept on their toes with a steady stream of results, the numbers did not have any obvious im-



pact on the equity market as a whole which has gone nowhere fast over the past few days. From Monday through to Wednesday share prices drifted gently back, with the All-Share dropping by almost 1 per cent since the previous Friday's close.

Virtually all the lost ground was recouped on Thursday, partly in response to a strong overnight market in Wall Street and partly on the back of the buoyant first-quarter profits from British Telecom. Pre-tax profits emerged at £443m for the three months, a rise of 39 per cent, and the shares rose 8p to 204p on the news.

Ahead of next week's first closing date in the £286m bid for Fleet Holdings from United Newspapers the defence posted its formal rejection document. It presented some predictable arguments and the usual scathing comparisons were made between the performance of bidder and defender to Fleet's equally predictable advantage.

Indeed, as the chart shows, Fleet's shares relative to United's have raced ahead *though, of course, when the* Express newspaper group was floated off from Trafalgar in 1982, the City did not think it worth very much at all. Reuters and, in fairness, some good management of the national dailies have changed the market's perception.

The full year figures from Fleet accompanying the rejection document were up to scratch. Pre-tax the group is ahead from £22.2m to £28.5m though as the previous year was inflated by a £4.6m profit on selling Reuters shares and the latest number contains a £1¼m profit on disposing of Causton shares, the £6m jump in operating profits to £23.3m may provide a better benchmark. After a dull first half the magazine interests, Morgan Grampian, pulled forward for a profit of £10.79m against £9m while national newspapers jumped from £6.46m to £10.56m.

The defenders' efforts are likely to be in vain even though United's current equity bid is worth only 340p a share, and the offer is not good enough to win control. Yet the half a dozen fund managers who really count in this story are unlikely to let Fleet fight off the predator and watch the share price sink to perhaps 100p lower than the current value.

If United increases its bid next month, after Fleet's accounts are published, to something approaching 400p a share Fleet's shareholders will probably parcel up their holdings and send them first class to United. The open question now is at what price the institutions will acquiesce—and presumably United's David Stevens has a fair idea of what that might be. Anything more than 400p, however, and he may find his own shareholders deserting him.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Changes on week	1985 High	1985 Low	
FT Ordinary Index	1,002.2	− 9.7	1,024.5	911.0	Oil price uncertainties
Arden & Cobden Hotels	810	+295	815	293	Asset injection hopes after 625p bid
Armstrong Equipment	55	+11	57	31	Annual profits up 80 per cent
Associated British Ports	338xd	+21	342	180	Broker's lunch stimulates demand
Barrat Developments	102	+ 8	102	66	Annual results due Tuesday
Belgrave Holdings	94	+ 9	150	80	More-than-doubled interim profits
Bramall (C. D.)	187	+25	187	125	Interim results
British Aerospace	405xd	+33	422	295	Saudi Arabian military contract hopes
Case	143	+19	307	105	Press comment/recovery prospects
Cass Group	125	−45	205	115	Agreed bid from Telephone Rentals
Coats Patons	135	−21	171	133	Disappointing interim figures
Consolidated Gold Fields	450	+20	582	400	Better-than-expected preliminary figs
Ford (Martin)	56	+13	56	25	Revived bid speculation
Kode International	95	−35	215	85	Dismal interim results
N. Sea and Gen Invests	88	+13	100	72	Bid speculation
Owen Owen	425	+50	435	178	Clayform stake sale rumours
RTZ	550	−40	685	533	Switching into Consolidated Gold Flds
Robinson (Thomas)	114	+26	114	37	Speculative buying
Simon Engineering	210	−16	260	202	Disappointing interim results
Trafalgar House	355	−17	386	325	Broker's downgraded profit estimate

North Sea prospects stay grim

INVESTORS have become used to an unvaried diet of dis*appointment and depression* from the obscure and ill-researched oil service sector. But even by its standards, this week's news was exceptionally grim. That two of the USM's oil service companies, Jebsens Drilling and Ramco, should announce first-half losses that triggered fresh declines in their shares prices, was bad enough. Worse was the implication for the rest of the sector—the long-awaited pick-up in North Sea construction activity is not in sight, and there still is a great over-capacity among the drilling contractors.

The market was braced for a loss from Jebsens, but the extent of the £8.8m figure was a good deal worse than expected. The shares, now at about 60p, are one-fifth of their value two years ago, and about 30 per cent lower than they were in July when the company patched together an agreement with its bankers to allow it a year's *breathing space in meeting its* £13m annual debt repayment programme.

Jebsen's is the USM's only drilling contractor. It started to suffer in 1983 when it became clear that there were many more rigs looking for work than there were drilling contracts. Since then, overcapacity has got progressively worse, and by last year some Jebsens' rigs were idle.

While the company now says that 90 per cent of its rigs and drillships are in use, the contracts are nearly all short term and the rates are so low that they do not cover costs.

When will conditions improve? "We've been trying to answer that question for a couple of years," the company says, gloomily. However, it is full of hope that the space it has been given by its bankers will tide it over

The theme of the turnaround that stubbornly fails to occur has been the same for the other USM oil service companies, whose fortunes are tied to the levels of construction of oil rigs and platforms.

During 1985 activity at the yards building North Sea platforms has been at a dismally low level. This has been the undoing of Ramco, which announced a loss of £22,000 in the first half compared with a profit of nearly £700,000 in the first six months of last year.

According to Steven Remp, the chairman, the major oil companies are delaying building platforms because of the glut of oil on the world market;

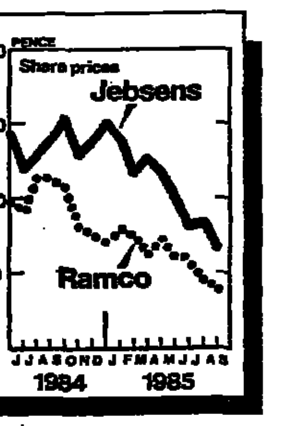
USM

because of short-term oil price worries; and because many of them, in attempting to fight off the corporate raiders who have *besieged the industry in the* U.S., find themselves short of cash.

Remp thinks things will be better by next year. He says the outlook is "exceedingly bright" but urges "unbelievable *patience" on the part of in*vestors.

Patience is not one of the market's strong points, however, and Ramco shares are now at about 40p compared with 115p a year ago. But if ever the orders finally start to come through, Ramco expects to be in a strong position to win contracts. The company, which specialised in applying anti-corrosion materials to production tubing and protective coatings to offshore structures and pipes, has branched out recently into new and complementary areas following a recent acquisition, it is now involved in welding.

Not only does the range of specialised services offered make it easier to win business (as it reduces the number of



specialised firms with which the yards need to deal—it also means Ramco would be involved from the beginning to the end of each major project.

For Aaronite, which produced a first-half loss in July, the story was the same. Shortage of work was the main reason why this company, which provides insulation and fire-proofing for platforms, turned a profit of about £300,000 into a loss of the same size.

The shares prices of Aaronite, Jebsens and Ramco are at all-time lows. Likewise, the USM's other oil service companies—ICC Oil Services, Oil Field Inspection Services and PCT—are trading at or near their lowest points. Indeed, the sector seems to have become so down-hearted that even rising profits fail to lift the gloom.

Apparently in defiance of the general trend, Oilfield Inspection Services, a company which attracts almost no interest from the market at all, announced last week interim profits of about £250,000 compared with a loss the previous year. However, *according to the chairman, John* Mills, the improvement came from closing loss-making operations overseas, not from any pick-up in the level of business. So perhaps the market has got it right.

Lucy Kellaway

Concrete shows the cracks

RMC GROUP has already warned that profits for the first *half will be lower than those of* the same period in 1984 due to high interest rates and the fall in UK construction output. The bad winter weather could well, therefore, have pushed the ready-mixed concrete maker's interim down by one-fifth to £25m.

Most of the damage was done in the first-quarter when group production in the UK fell 5 per cent—a figure somewhat higher than the national decline. While the spring saw some catching up, *margins have not been good* enough to undo the cold blast of winter.

The West German subsidiary, RWK, seems to be struggling against a background of sharply lower ready-mixed output in that country. Together with RMC AG, the group holds some 20 per cent of the German market; last year, this contributed about one-sixth of interim pre-interest profits. An expected £1m in redundancy costs will worsen the West German position further.

For the group as a whole, the outlook for the year is almost certain to be down on the 1984 result—but not by as much as the forecast drop at the interim stage would suggest.

BARRATT DEVELOPMENTS *has been doing some rethinking* following the well publicised

Results due next week

problems over both timber frame housing and its starter homes. This led to the launch a few months ago of the Premier Collection, 50 new house styles not aimed at the first time buyer.

But none of the benefist of this attempted repositioning within the market will have come through yet, and the analysts are arguing over just how bad (or awful) these full year figures are likely to be.

The expectation is for pre-tax profits as low as £5m (against £35.6m in the year to June 1984), which will turn earnings per share negative and make it impossible to fund a maintained dividend of 10.9p a share out of earnings.

The dividend payout presents Barratt with a dilemma, and the decision taken on it will determine the market's attitude to the group for the medium term. If borrowings have been cut radically and the corner has truly been turned, then maintaining the payout at last year's 10.9p (costing £13½m) will be seen as a confidence-booster presaging an improved 1986 performance.

If there is a retreat on the dividend on Tuesday—and Sir Lawrie Barratt is not a man for retreats—then an entirely new ball game will have been started.

Evaluation of **NORTHERN ENGINEERING INDUSTRIES'** results for the half-year to *June, due on Tuesday, will be* complicated by the fact that the group has switched from using year-end exchange rates to average ones. The factor is important for, historically, the group has derived some 25 per cent of its profits from South Africa and the performance of the rand will clearly have begun to take its toll on the figures.

In mitigation is the fact that the group now is beginning to benefit from its £30m restructuring. The UK power group has a good level of orders and is thought to have performed well; and in the U.S. the Extel Corporation, which has turned in some fairly abysmal figures in the past, should now be yielding profits. Overall, the City is expecting a modest advance to £22m from last year's £21.2m.

33—P-9KB—8/8¼ (Results Due)

VICKERS, which reports its results for the half-year to June on Thursday, is another engineering group with a significant proportion of its profits generated overseas, but it adopts a highly conservative policy towards currency movements by hedging forwards. Last year it disappointed the market by failing to benefit from the rise in the value of its dollar earnings; this year, its caution is likely to prove more welcome.

At the trading level, the rationalisation of the group's portfolio over the past few years should be showing through and the market is expecting useful advances through most divisions, although Australia is likely to disappoint again. Attention inevitably focuses on the important Rolls-Royce division, where a strong contribution is expected from U.S. sales and successes with the Bentley marque. City forecasts of the pre-tax figure are in a narrow range around £18m, against £13.8m last time.

JOHN MENZIES always has a lopsided year, with the first half seeing only some 20 per cent of the year-end pre-tax total. This time—the interims are due on Monday—the City is expecting little gain over the 1984 position and the forecasts are for around £4m for the six months to July.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
A.B. Electronic Products	Thursday	1.5	4.5	2.0
Baillie Gifford Japan Trust	Tuesday	—	0.4	—
Barratt Developments	Tuesday	2.31	5.31	2.31
Casket, S.	Wednesday	0.63636	1.27273	0.8
Christy, Hunt	Monday	—	—	—
City of Aberdeen Land Association	Tuesday	3.86364	11.13636	6.0
Continental Microwave	Monday	1.5	1.8	1.75
Dowding and Mills	*Thursday*	*0.95*	*1.5*	*1.05*
Mills and Allen International	Thursday	4.0	10.0	4.0
News International	Tuesday	3.5415	4.8943	5.2545
Parker Knoll	Monday	3.0	6.0	3.0
Park Place Investments	Tuesday	1.75	3.0	2.25
Peters, Michael Group	Monday	0.785	1.215	1.0
Raine Industries	Wednesday	0.2	0.55	0.2
Ramar Textiles	Thursday	—	1.5	—
Tor Investment Trust	Monday	3.55	7.7	4.2
Young, H.	Wednesday	—	—	—
Zambia Copper Investments	*Tuesday*	—	—	—
INTERIM DIVIDENDS				
Aberdeen Construction Group	Thursday	2.2	6.05	
Aidcom International	Monday	—	1.0	
Associated Book Publishers	Wednesday	1.875	3.125	
Bank of Scotland	Wednesday	5.75	8.25	
Beatson Clark	Monday	3.3	3.3	
Beauford Group	Thursday	1.5	3.0	
Bentalls	Thursday	0.35	1.75	
Berkeley Exploration and Production	*Monday*	—	—	
Betec	Wednesday	0.5	1.0	
Bosse Massimi Pollitt	Tuesday	2.5	4.5	
Brown and Jackson	Wednesday	—	—	
Candover Investments	Thursday	—	2.0	
Canning, W.	Monday	1.1	2.4	
Central Independent Television	Wednesday	2.6	8.0	
Centreway Trust	Friday	—	—	
Clarke, Nickolls and Coombs	Wednesday	2.1	4.2	
Clyde Petroleum	Friday	—	1.5	
Combined English Stores	*Monday*	1.98	2.94	
DRG	Tuesday	3.0	4.5	
Erith	Wednesday	1.1	2.0	
Eucalyptus Pulp Mills	Friday	—	7.0	
F & C Pacific Trust	Thursday	1.5	2.25	
Finlay Packaging	Wednesday	0.75	2.5	
Fleming Universal Investment Trust	Wednesday	2.0	6.0	
Fosseco Minsep	Friday	2.8	5.4	
Freemans	Monday	2.0	3.5	
Gratten	Thursday	1.0	2.0	
H.B. Electronic Components	Monday	0.5	0.7	
Johnson and Jorgensen Packaging	Friday	1.0	2.5	
Julianas Holdings	Wednesday	0.77	1.225	
Liberty	Friday	1.2	6.2	
Macallan-Glenlivet	Tuesday	1.0	1.9	
Marshall, Thomas (Loxley)	Thursday	1.2	1.2	
Menzies, John	Monday	1.125	2.25	
Metalrax	Monday	1.51818	1.45455	
Micro Business Systems	Thursday	1.0	1.25	
Monument Oil and Gas	Friday	—	—	
Moss Bros.	*Monday*	1.54	3.46	
Newarthill	Thursday	—	11.0	
Newbold and Burton Holdings	Thursday	1.54	1.54	
Northern Engineering Industries	Tuesday	1.65	3.6	
Parrish, J. T.	Tuesday	—	—	
Petrocon	Thursday	1.75	3.5	
Platignum	Thursday	—	—	
Rio Tinto-Zinc Corporation	Wednesday	6.5	13.5	
RMC Group	Wednesday	4.4	8.6	
Scott and Robertson	Tuesday	0.9	1.6	
Sharrock	*Thursday*	—	—	
Sindall, William	Thursday	2.0	8.0	
Southampton, Isle of Wight and South of England Royal Mail Steam Packet	Friday	4.0	10.0	
Spear and Jackson	Tuesday	2.0	4.0	
Stag Furniture Holdings	Thursday	1.75	1.0	
Steetley	Tuesday	4.5	7.5	
Sumner, Francis	Tuesday	—	—	
Sunleigh Electronics	Tuesday	—	0.245	
Sunlight Service Group	Friday	1.38	6.57	
Superdrug Stores	Thursday	1.7	2.5	
Therals	Wednesday	2.0	8.0	
Vickers	Thursday	4.0	6.0	
Warmoughs	Tuesday	1.7	4.55	
Watts, Blake, Bearne and Co.	Thursday	1.375	2.70653	
Wimpey, George	Thursday	0.65	2.4	
Wingate Property Investments	Tuesday	—	—	
Wold	Wednesday	—	—	
Wordplex Information Systems	Friday	—	1.8	

** Dividends are shown net pence per share and are adjusted for any intervening scrip issue.*

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.00	6.09	4.79	3.48	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	7.88	8.12	6.38	4.64	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	30
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.54	8.72	6.85	4.99	half yearly	1	2,500 minimum	7
Schroder Wagg	8.15	8.46	6.65	4.84	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	10.75	7.21	5.45	3.69	half yearly	4	—	—
11% Exchequer 1990	10.72	7.35	5.67	3.99	half yearly	4	—	—
10.25% Exchequer 1995	10.75	7.54	5.94	4.35	half yearly	4	—	—
3% Treasury 1987	8.41	7.33	6.80	6.27	half yearly	4	—	—
3% Treasury 1989	8.67	7.54	6.96	6.40	half yearly	4	—	—
Index-linked 1988¶	9.17	8.56	8.25	7.94	half yearly	2/4	—	—

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Adams & Gibbon	310§§	293	236	5.58	BSG Intl
Bell (Arthur)¶	273	269	192	361.04	Guinness
Capital Gearg Tst	85†	89	75	1.90	Harvard Secs
Capital TV	58§ §§	50‡‡	50††	5.34	Crown Intl Prods
Cass Group	125	130	180	7.59	Cass Group
Christie-Tyler	65*	64	49	6.35	Hillsdown Hldgs
Cole Group	200	226	184	6.00	Hartons Group
Fleet Hldgs	346§§	362	345	233.93	Utd Newspapers
Friedlnd Doggart	320*	315	215	16.64	MK Electric
Maynards	40§†	405	335	19.97	Ward White
Noble & Lund	30*	30	29	1.71	Galgey Tech Inds
Phillips Patents	55½§	55	54	2.25	Bremner
Resource Tech	52½*	52	40	6.94	Inspectrate Int SA
Saxon Oil	540*§	540	510	120.57	Enterprise Oil
Security Centres	129§	133	100	20.53	Automated Security
Sharpe (Charles)	570*	535	395	10.26	Booker McConnell
Somportex	28¼*§	91	27	0.79	Messrs N. Wray & C. Mattock
Towngrade Secs	32½*§	34	37	1.67	Milbank Dev

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on September 20 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aerospace Eng	Apr	714	(448)	3.8	(3.1)	2.4	(3.25)
Amber Day	Mar	364	(36)	0.4	(—)	—	(—)
Armstrong Equip	June	3,020	(1,460)	7.9	(3.4)	1.1	(0.6)
British Benzol	Mar	1,090L	(135)	—	(—)	—	(—)
Central & Sheer	Dec	12,710L	(4,490)L	—	(—)	—	(—)
Coin Ind	June	792	(776)	3.9	(3.7)	3.3	(3.3)
Cons Gold Fields	June	114,900	(105,413)	40.7	(38.2)	24.5	(24.5)
Dalgety	June	67,500	(67,000)	55.7	(50.3)	25.0	(24.0)
Deborah Serv	Mar	1,030	(1,010)	9.6	(8.2)	4.88	(4.55)
Dom Hldgs	Mar	1,260	(1,040)	9.1	(7.9)	4.95	(4.95)
Fleet Holdings	June	28,500	(22,266)	20.1	(14.1)	8.0	(5.0)
Imtec	Mar	581L	(845)	—	(8.5)	0.4	(1.7)
Intereurope Tech	June	1,620	(1,346)	20.5	(15.4)	5.4	(4.83)
Isotron	June	1,130	(703)	5.2	(3.8)	—	(—)
Kent, John	May	870	(626)	5.2	(4.1)	1.5	(0.8)
LDH Group	May	237	(123)	2.0	(1.1)	0.35	(—)
Mann & Co	May	3,150	(2,020)	10.3	(7.5)	—	(—)
Mucklow, A. & J.	June	5,120	(4,920)	6.5	(6.5)	7.21	(6.75)
Polypipe	June	1,350	(1,060)	—	(—)	—	(—)
Polytechnic Elec	May	1,190	(915)	7.6	(5.7)	3.77	(2.0)
Protimeter	June	459	(396)	3.3	(2.9)	1.0	(0.7)
Scholes, George H.	June	4,940	(4,720)	45.1	(40.8)	20.0	(18.0)
Somportex	Apr	276L	(104)	—	(1.7)	—	(—)
Staff Pot	June	1,020	(1,110)	9.8	(14.8)	3.0	(2.0)
Stewart & Wight	Mar	73	(51)	76.3	(64.0)	15.0	(13.0)
Stocklake Hldgs	Mar	3,820	(3,550)	47.2	(43.3)	12.0	(12.0)
Telemetrix	July	4,740	(2,510)	—	(—)	1.75	(1.4)
Trafford Pk Est	June	2,560	(2,470)	15.2	(13.2)	11.5	(10.0)
Walker, T.	June	250	(179)	1.9	(3.2)	0.9	(0.83)
Wood, S.	Mar	285	(355)	4.7	(6.1)	1.0	(—)
Zetters	Mar	1,440	(1,390)	12.4	(9.0)	4.0	(3.25)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Plant	June	190	(9)L	—	(—)
Aberdeen Am Pet	June	556	(407)	—	(—)
APV Holdings	June	6,510	(5,570)	4.5	(4.5)
ATA Holdings	June	276	(256)	—	(—)
Baird, William	June	4,590	(4,220)	7.7	(7.0)
Barrow Hepburn	June	935	(664)	1.68	(1.33)
Belgrave Hldgs	June	1,530	(752)	—	(—)
Bemrose Corp	June	728L	(261)	1.0	(4.4)
Bestobell	June	2,330	(3,630)L	—	(5.7)
Bodycote Intl	June	1,350	(815)	2.5	(2.0)
Boustead	June	80L	(26)	—	(—)
BPCC	June	11,430	(10,020)	4.0	(3.0)
Bramall, C. D.	June	1,810	(1,360)	2.6	(2.35)
Bree & Cloud Hill	June	730	(663)	3.0	(2.4)
Brent Chem	June	2,610	(2,250)	0.85	(0.75)
Britannia Arrow	June	10,050	(5,270)	1.2	(1.1)
British Mohair	*June*	1,660	(2,250)	1.25	(1.25)
British Syphon	June	1,200	(613)	1.25	(1.0)
Brixton Est	June	4,630	(4,430)	2.3	(2.1)
Brown Bov Kent	June	3,510	(3,310)	1.0	(—)
Bus Comp Sys	June	67	(55)	1.1	(0.7)
Cakebread Robey	June	240	(335)	0.8	(0.8)
Carpets Intl	June	870	(500)	—	(—)
Cass Group	June	488	(457)	1.35	(1.35)
Coats Patons	June	*38,200*	*(43,200)*	*1.9*	*(1.65)*
Cooper Ind	July	473	(312)	0.4	(0.3)
Cussins Prop	June	345	(824)	2.4	(2.4)
Delaney Group	June	268	(238)	0.8	(0.8)
Delta Group	June	26,590	(19,970)	2.35	(1.82)
EIS Group	June	2,650	(2,030)	1.85	(1.65)
Enterprise Oil	June	36,000	(26,000)	3.5	(3.0)
Fisons	June	30,100	(22,600)	2.16	(1.8)
Folkes Group	June	700	(600)	0.35	(0.35)
Friedland Dog	June	725	(1,110)	—	(2.8)
Garton Eng	June	265	(258)	1.0	(1.0)
Hall Eng'g	June	1,890	(1,520)	3.66	(3.41)
Hartons	June	1,080	(732)	—	(—)
Hewitt, J.	June	190	(28)	0.4	(0.4)
Iceland Froz Fds	June	1,710	(1,460)	2.2	(—)
Invergord Dist	June	2,010	(1,840)	1.5	(1.5)
Jebsens Drill	June	8,800L	(3,900)L	—	(—)
Jones & Shipman	June	770	(201)	1.15	(1.0)
JSD Computers	June	302	(132)	1.0	(0.3)
Kode Intl	June	101	(482)	1.75	(3.5)
Laidlaw Group	June	394	(386)	1.1	(1.1)
Laidlow Thomson	June	345	(248)	1.25	(—)
Laporte Ind	June	27,300	(22,195)	3.2	(2.4)
Legal & General	June	19,900	(25,300)	8.5	(7.5)
Lowe Howard	June	1,400	(1,200)	2.0	(—)
Lyon & Lyon	June	263	(160)	1.5	(1.5)
Mackay, Hugh	June	80	(163)	1.4	(1.4)
Matthews, B.	July	6,280	(1,020)	3.75	(2.5)
Mellerware Intl	June	10	(612)	1.0	(1.0)
Mercantoil	June	290	(121)	—	(—)
Morgan Crucible	July	8,700	(7,300)	3.9	(3.7)
Morrison, W.	Aug	7,190	(4,720)	0.35	(0.28)
Myson Group	June	2,270	(3,250)	1.25	(—)
Oliver, George	June	169L	(302)	1.8	(1.6)
Oriflame	June	2,330	(2,120)	9.5	(8.6)
Owen Owen	July	147L	(798)L	—	(—)
Owners Abroad	June	325	(15)	—	(—)
Paul Michael Leis	June	85	(178)	—	(—)
Perry Group	June	1,950	(1,930)	1.65	(1.5)
Petranol	June	1,850	(588)	—	(—)
Pittard	June	1,300	(1,016)	1.6	(1.45)
Promotions Hse	June	231	(139)	0.7	(0.7)
Ramco Oil Serv	June	22L	(664)	0.25	(0.25)
Ransomes Sims	June	3,040	(2,200)	1.5	(1.2)
Roberts, Adlard	June	347	(475)	2.0	(2.0)
Rowntree Mack	June	20,500	(22,300)	4.0	(3.6)
Sharna Ware	June	96L	(21)	0.9	(0.9)
Simon Eng'g	June	9,320	(8,810)	2.5	(2.5)
Spear, J. & W.	June	35	(5)	—	(—)
Spong Hldgs	Aprt	78L	(72)	—	(—)
Steel Burrill	June	1,540	(884)	4.0	(1.8)
Stewart Wright	June	9,890	(6,120)	6.3	(4.2)
Sutherland, E. T.	June	698	(583)	1.46	(1.33)
Systems Des	June	3,220	(1,780)	0.15	(0.1)
Tarmac	June	41,600	(36,000)	2.2	(2.0)
Tav Rutledge	June	56L	(66)	—	(—)
Tele Rentals	*June*	7,130	(6,680)	2.5	(2.25)
Travis & Arnold	June	3,620	(4,620)	1.95	(1.95)
Trinity Intl	June	2,670	(3,290)	1.95	(1.95)
Ward White	July	7,640	(3,180)	4.2	(4.2)
Westwood Dawes	June	62	(113)L	1.95	(1.69)
Wilkes, James	June	515	(258)	—	(—)
Wolstnhlme Rink	June	752	(818)	3.0	(1.2)
Woolworth Hldgs	Aug	7,500†	(600)	2.5	(2.5)
Yule Catto	June	4,890	(6,230)	3.0	(1.75)

(Figures in parentheses are for the corresponding period.)

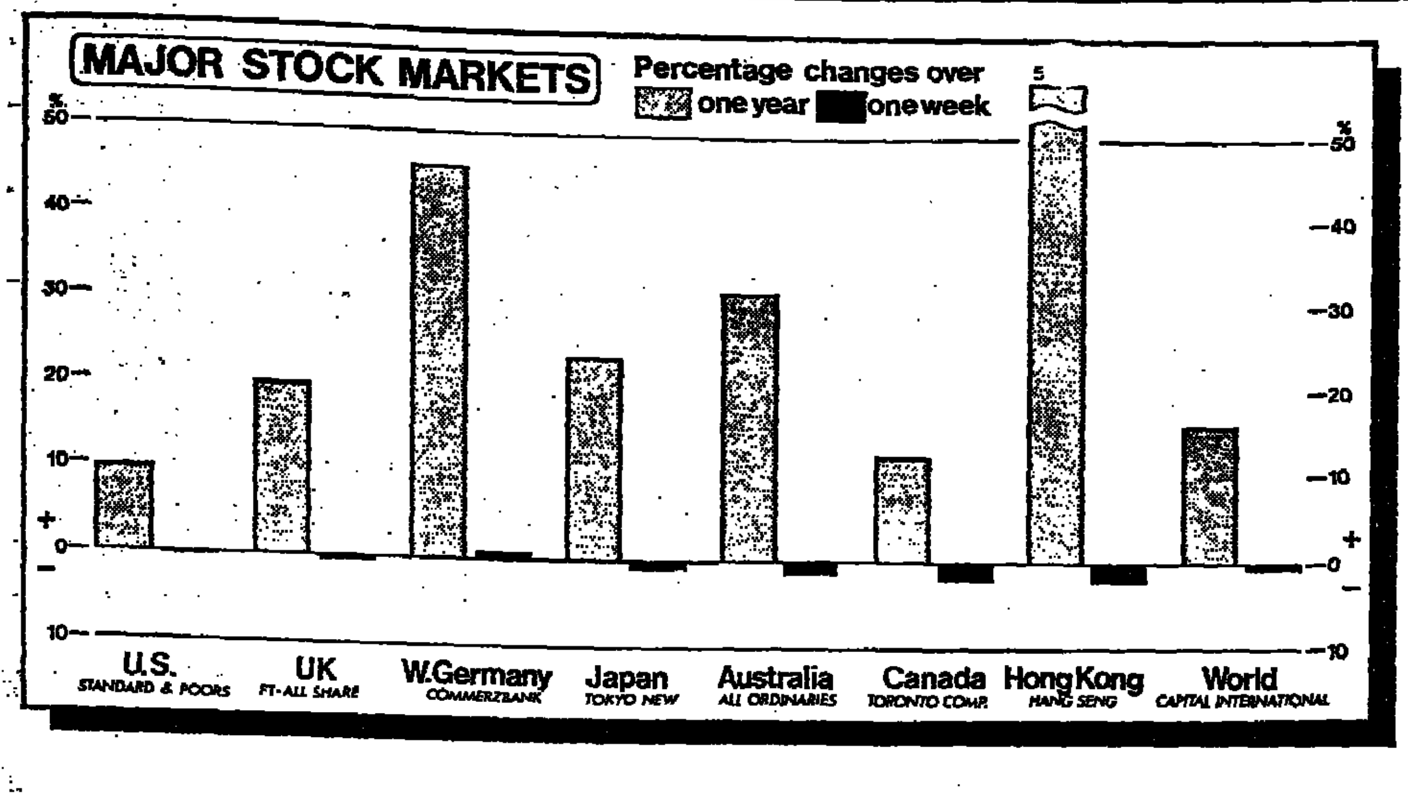
* Dividends are shown net pence per share, except where otherwise indicated. † Pre-exceptional items. ‡ Figures for four months. L Loss.

RIGHTS ISSUES

British Benzol Carbonising—To raise £1.32m through a rights issue on the basis of £1 nominal convertible loan stock for every 17 ordinary 10p shares held.

Burns Anderson—To raise £1.7m through a three for 10 rights issue at 48p.

Crowther, J.—A five for four rights issue of 12.4m shares at 60p.



Investors wait on the Big Four

AFTER a tumultuous summer of putative take-over bids, a few juicy investment fund scandals, and the spectacular bankruptcy of Sanko Steamship, Tokyo's stock market has settled into the doldrums this September.

In fact, the Japanese will enjoy no fewer than three national holidays between mid-September and mid-October. Two of them, Respect the Aged and Sports Day, were invented a few years ago becasue it was decided people in Japan work too hard. Despite the holidays and the doldrums however, Tokyo's stock market continues to offer plenty of excitement for the eagle-eyed investor.

The Nikkei-Dow market average closed at 12666.95 on Friday, 81 points up on the previous week's close but not substantially different from its level earlier this month. As is often the case in Tokyo, the main reason for the market's present sluggishness is not related to the state of Japan's economy or industry. Instead, it has more to do with the business cycles of four main companies that handle the lion's share of the trading on the Tokyo exchange.

Japan's leading securities houses begin their new sales year in October. In September, therefore, the four companies hold lengthy in-house discussions to reach a consensus on which stocks to push in the current year and which to dump. As a result, the rest of the market holds its breath until it finds out what the Big Four — Nikko, Nomura, Yamiichi and Daima — have decided.

Those involved in the discussions say there are only two possible outcomes this year. One would be a concerted rush back into the "blue chips" like Sony, Hitachi and NEC, which have been cold-shouldered over the past year or two; or a decision to stay with the domestic stocks and property companies that have been favoured in recent months.

Most of the bets are already on the second scenario, with some going so far as to predict that the trend to domestic stocks in Tokyo will last for years, not months. Some of that feeling continued to creep into the market over the past few weeks, with shares like Mitsui Real Estate still moving upwards and climbing from Y940 on September 12 to close at Y985 yesterday. Sapporo Breweries, which holds a prime land portfolio, jumped from Y511 on the 11th to Y612 at yesterday's close. The possibility of increased spending by Japan's gas companies sent Kimmon, a gas meter company, up from Y375 on the 13th to Y465 yesterday.

The domestic stock argument leans heavily on the view that Japan is about to shift to a heavier programme of housing, infrastructure and capital plant spending over the next 10 to 15 years. So far, there has been little evidence of this shift—the proposed budget for fiscal 1986 allows a hair's breadth of an increase in spending on the general account, for example. But many now believe that the shift will be spurred by private

Tokyo

spending, as opposed to governmental, with the aid of some tax incentives.

A recent economic model published by the Nihon Kezei Shimbun, Japan's leading economic daily, projects that spending on these new projects will amount to Y300bn next year and Y800bn in 1987. If all 51 projects now under discussion—ranging from the Tokyo Bay bridge to new airports—were to go ahead, the estimated amount to be spent would be Y21,000bn over the next 20 years.

Another interesting feature that has cropped up in Tokyo recently is the shape of an inverse yield curve in the bond market. Yields on short-term bonds are now higher than those of long-term bonds, with about 6.2 per cent for the former and 5.925 for the latter.

Many see this as a positive view on Japan's long-term inflation trend, with long-term bond yields sensitive to inflation rates. Others say it is simple supply and demand. Regardless of its cause, the curve is having a healthy effect on the highly capitalised stocks such as Mitsubishi Heavy Industries and Nippon Yusen, the shipping group.

MHI, for example, saw 80m shares change hands in one day this week. The stock closed at Y437 yesterday, up from Y400 on the 11th. NYK hit a new high for the year yesterday of Y341, compared to Y300 last Friday. Kawasaki Heavy Industries also benefited, ending the day at Y233 yesterday, up from Y217 last Friday. MHI and the other "heavies" however, are also benefiting from a modest boost expected in defence spending now that the new five-year defence programme has been approved.

This Monday, the Tokyo stock exchange will be silent as the Japanese observe the autumn equinox by visiting the graves of their ancestors; trading resumes on Tuesday. By then, no doubt, the world's most inscrutable stock market will have found new ways to delight and confound even the canniest foreign investor.

Carla Rapoport

Sunny side up

CONSOLIDATED GOLDF[illegible]DS appears to be moving . the right direction, even if its road towards better profits has sometimes resembled a long and weary trek across the veldt.

There were enough nuggets in the group's results for the year to the end of June, announced on Tuesday, to encourage bright thoughts about the prospects ahead. Certainly, chairman Rudolph Agnew felt confident enough to say: "I have said many times there are sunny uphills ahead of us. Now, I can see them."

The 9 per cent increase in pre-tax profits, to £114.9m, surprised the City, which had thought the group would do well to match the previous year's profits in view of the contribution from the South African gold mines being hit by the decline of the rand against sterling.

As it turned out, the currency effects were just as bad as expected. The group reported an 8 per cent fall in its contribution from the 48 per cent-owned associate Gold Fields of South Africa, and from dividends in direct mine holdings.

However, the stock market under-estimated the performance of the building materials business in the UK and the U.S., which have been expanded rapidly in the past few years. Even with very little help from the latest acquisition, Bath and Portland, which joined the group too late in the year to make much difference, profits from building materials rose by 22 per cent.

The highlight was a very strong performance from ARC's American subsidiaries, especially the concrete pipe business. In the UK ARC did well to maintain profits despite

Mining

the effects of bad weather and of the miners' strike. Recoveries at the group's Australian and U.S. mining associates also played their part in offsetting the decline in South African profits. But both Renison Goldfields Consolidated and Newmont Mining Corporation moved ahead from very low bases.

The 1985 performance leaves Cons Gold well placed for 1986. It would be rash to expect much improvement in the sterling value of South African profits, given the continued weakness of the rand and the political unrest that lies behind it. But a full year's contribution from Bath and Portland should help to offset the influence of any slowdown in construction work on either side of the Atlantic.

However, the brightest news is likely to come from the non-South African mining interests. Expensive cost-cutting programmes at Newmont and at Renison should produce further progress at the copper mines, even without any improvement in metal prices.

It should be enough to take Cons Gold to profits of about £135m pre-tax for 1985-86 and generate the cash to fund a long-awaited dividend increase—the first in six years, if it comes. This would put the shares on a multiple of about 8.5 on likely 50 per cent tax charge, and a yield of more than 8 per cent on a 10 per cent increase in the payout.

It is not difficult to make a case for buying the shares at this level. The group has in the past few years developed a sound strategy of growing into a diversified natural resources company. This reputation will be enhanced if Cons Gold succeeds in completing quickly the sale of its U.S. industrial interests (including the unfortunate Skytop Brewster), clearing away the remains of an unsuccessful foray outside the extractive industries in the 1970s.

Moreover, despite the investments in copper, in mineral sands and in coal, the group has kept gold at the heart of its strategy. Not only is it expanding in South Africa with a new mine at Kloof, but it has made some very promising discoveries in North America. The group believes that in about five years it will have an interest in a further 12 tons of gold a year on top of the 43 tons it has already.

However, these glittering prospects ignore the great cloud of South African politics. Although Cons Gold slowly has reduced its dependence on South Africa over the years, it still earned some 44 per cent of profit there last year.

There is less political risk in Rio Tinto-Zinc, but also less of the glamour of gold. RTZ reports its interim results for the first half of 1985 on Wednesday, and the City is expecting to see net attributable profits in the region of £110m to £120m, against £101.1m. Several group companies have already reported excellent results, notably Rio Algam and Enterprise Oil. RTZ Borax is expected to have turned in an outstanding performance.

Stefan Wagstyl

Reeds in the wind

THERE WAS a time, not so long ago, when the M1 figures ruled the U.S. capital markets like a tyrant. But, just for the moment, the basic money supply measures seems to have lost the ability to keep Wall Street on its toes. Investors have found a new master—the GNP statistics, which conveniently give the markets plenty to look for with their constant revisions and restatements.

This week, equities have been on edge throughout in expectation of the "flash" third quarter figures announced yesterday. The fact that the "flash" amounts only to a very tentative estimate, is published well before the relevant quarter is over, and has been described as one of the most unreliable statistics ever devised, does not seem to perturb Wall Street at all.

Traders and investors are engaged in a game of expectation as much as fact, and this week they have been swayed as easily as reeds in the wind as they tried to guess the way the figures would go.

At issue is the speed of growth in the economy and in corporate profits. On Tuesday, the mood of pessimism which had been intensifying since the beginning of this month over these questions was sufficient to push the Dow Jones Industrial Average below 1,300 for the first time in three months.

Traders related part of the sell-off, which sent the index down by 10.98 points, to arbitrage activities connected with futures dealing. But the volume figures, at 112m trades on the day, and the high proportion of declines against advances—1,162 stocks went down against only 438 in the opposite direction—indicated that many

Wall Street

institutions had simply decided to dump equities.

In the broader market, the decline was not helped by the airline stocks, which fell into a tailspin after a batch of unfavourable analysts' reports came out. Some revision of the airline stocks ought not to have come as a surprise, since several of the mare trading on valuations bloated by takeover speculation, and they are always volatile shares to follow. But the fall was exceptionally severe after Michael Armellino, of Goldman Sachs, lowered his earnings estimates for American Airlines because of a slowdown in traffic growth this month. United lost $3¾ to $49¼, and American $2 to $39¼, while the Dow Jones Transportation Index nosedived by 13.70 to 645.83.

On Wednesday morning Wall Street continued to march in the direction it had established the previous day; but, just before the close, investors came suddenly to the conclusion that equities had been oversold, and pushed the industrial index back up over 1,300. On Thursday it bounced back even more, rising by almost seven points to recapture virtually all of the ground lost early in the week.

The change in sentiment undoubtedly was encouraged by mounting expectations that the "flash" would show a reasonably healthy growth figure of between 3 and 4 per cent. Statistics indicating higher housing starts on Wednesday were followed by stronger consumer spending numbers, swinging some Wall Street economists more firmly behind the stronger growth position. They turned out to be wrong: the "flash" came in at 2.8 per cent, which wil lundoubtedly cause some more jitters next week.

Takeover speculations has also played its part in maintaining this week's market activity, with both General Foods and Pillsbury effected by the dubious distinction of being linked with Philip Morris. Wall Street is convinced that the big tobacco group, which is currently reckoned to be throwing off around $1bn of undecided cash flow a year, and probably wants to diversify because of worries over health liability claims, is going to pick on someone.

Only a short while ago R. J. Reynolds, the other large tobacco company, acquired Nabisco, and a number of similar partners have been wheeled up for inspection by Philip Morris. This week, the market decided against General Foods, knocking its shares by $4 to $84¼, while pushing up Pillsbury, another foods group, by $1½ to $59.

The main concrete development on the takeover front was a formal bid for Richardson-Vicks, the Vicks VapoRub manufacturer, from Unilever, which had made a tentative approach public in the previous week.

MONDAY	1,309.14	+1.46
TUESDAY	1,298.16	−10.98
WEDNESDAY	1,300.40	+2.24
THURSDAY	1,306.79	+6.39

Terry Dodsworth

FLEXIBILITY IS the key feature of a savings plan launched by London merchant banker N. M. Rothschild.

Under the Rothschild Asset Management (RAM) plan, you can decide exactly how your savings are allocated to the group's range of six unit trusts. You can, for example, opt to put all the money into the America Fund or UK Income Fund, or "spread" it among the trusts of your choice.

You can also switch accumulated, or future, contributions between trusts at a reduced charge of 1 per cent compared with the normal introductory fee of 5 per cent. There are no separate fees for the savings plans, just the standard charges levied by the unit trusts in which your money is invested.

Alternatively, you can let Rothschilds do the investing for you.

The only restriction is that a yearly minimum of £240 (£20 a month) must be invested. Above that, you can increase or reduce contributions, add a lump sum, or withdraw all or part of your savings within 10 days, without penalty.

Additionally, Rothschilds is offering the plan as a way of saving for children via the tax concessions obtained by covenants. The plan can be linked with a deed of covenant made by a friend or relative (but not the parents) to a child whereby the amount saved can be increased by a 42 per cent tax refund at no extra cost to the saver.

•

FINANCIAL PLANNING and investment are featured strongly in a guide to retirement just published by Leisure Magazine. The "Retirement Pack," is a hard-backed loose-leaf binder packed with articles covering all aspects of what to do when you stop working.

Contributors include many well-known personalities writing on a variety of subjects ranging from keeping fit to part-time jobs and starting a new career, as well as choosing and buying a home and different forms of investment.

Cost of the pack is £25. This includes a year's subscription to "Your Retirement" magazine and a free computer analysis to check your personal entitlement to Department of Health and Social Security benefits.

It is available direct from the publisher at Consort House, 26 Queensway, London W2 3RX.

•

A HONG KONG Unit Trust, aiming at above average capital growth, is launched by Henderson Administration today.

There will be a fixed price offer of 50p a unit until October 11, available either direct from Henderson at 26 Finsbury Square, EC2, or through intermediaries. The minimum investment is £500.

The company claims that, since the signing of the Sino-British agreement, Hong Kong has become an attractive area of investment with booming business conditions. The estimated starting annual yield for the unit trust is 1.25 per cent.

•

BANK LEUMI (UK), a subsidiary of Israel's largest commercial bank, claims that it will be the only UK bank to pay interest on specially designed current accounts for students. Coinciding with the start of the academic year, the bank is paying interest of 5.75 per cent (its seven-day notice deposit account less 2.5 per cent) on student account balances of between £100 and £500.

Bank Leumi is also offering to provide travelling students with foreign bank notes up to the value of £250 without charging the usual exchange commissions. Students opening accounts with Bank Leumi will have access to the Lloyds Bank cashpoint machines and have free banking up to their overdraft limits.

•

OWNERS of family companies could save "vast sums of capital taxes," according to Vic Washtell, a partner in Touche Ross, the chartered accountancy group—and a new booklet from the group explains how.

Aimed at shareholders in family companies—especially those intending to be "floated" on the Unlisted Securities Market or the Stock Exchange —and called Capital Tax Planning and the Family Company, the booklet is available free from Department T10, Touche Ross and Co, Hill House, London EC4A 3TR.

COVENANTS are a useful way in which you can use the *Inland Revenue to subsidise* the cost of charitable giving.

The latest (third) edition of Covenants—A Practical Guide to the Tax Advantages of Giving, by Michael Norton, has been revised and updated extensively to incorporate all the changes up to and including this year's Finance Act.

The main changes in the book include more information on writing and selling Deeds of Covenant; a suggested form of wording for loan covenants that allows you to reclaim tax more quickly; and a review of accumulation trusts that provide a particularly attractive way of giving for high-rate taxpayers.

Cost of the guide is £4.95 and can be obtained either from bookshops or direct from the publisher, Directory of Social Change, 9 Mansfield Place, London NW3 1HS.

•

EVERYTHING you need (or want) to know about UK taxation is explained in simple form in The Which? Book of Tax, just published by Hodder and Stoughton. A real effort has been made at simplification to help the complete beginner.

Income tax accounts for the bulk of it. There is a guide to the basic system, then a look at how your tax bill is worked out and ways you can start tax planning. For example, Which? claims there are more tax pitfalls when you are separating or getting divorced than at any other time, and suggests various ways you can make full use of tax relief concessions.

There are also special sections on houses, investments and pensions, and a detailed explanation of "passing your money on." The Which? Book of Tax costs £12.95p and is available from bookshops or direct from the Consumers Association, PO Box 44, Hertford SG14 1SH.

•

WHAT IS claimed to be the first UK-authorised unit trust to be denominated in U.S. dollars was launched this week by *Waverley Asset Management.* It is called the Ginnie Mae Fund and its objective is to tap the opportunities offered by mortgage-based securities issued by the U.S. Government National Mortgage Association (GNMA or "Ginnie Mae").

Waverley says the fund will offer a simple method of investing in the U.S. fixed interest market in secure investments where a high return—currently running at 1 per cent above Treasury Bonds—can be secured.

Distributions to investors in the fund are available either in U.S. dollars or sterling. The sterling equivalent rate is calculated two weeks prior to the date of distribution, so that investors can be paid with sterling cheques instead of receiving dollar amounts, which cost money to convert into sterling. There is a minimum initial investment of $1,000, but additional investments of only $200 can subsequently be made.

•

A CAPITAL conversion plan, designed primarily to help higher rate tax payers, is being added by Clerical Medical, the life company, and Fidelity International, the unit trust group, to the range of unit-linked products.

An initial investment (minimum £5,000) is split into two parts, the larger as a single premium to the group's existing portfolio, the remainder as the first annual payment to their maximum investment plan.

Subsequent annual payments to the investment plan are then made from the investment portfolio. At the end of 10 years accumulated capital can be taken out as a lump sum free of tax, as tax-free income, or left to grow in a chosen fund until needed.

•

ANOTHER HomeCentre, Debenham's ninth so far, will open its Chelmsford, Essex, store next week.

The HomeCentres claim to provide a full residential property service, from buying and selling to mortgages, insurance and removals, under one roof. The attraction is that instead of charging commission on the selling price of a property, like estate agents, Debenhams fixes a flat fee of £95 (plus value added tax) and a further £95 on completion.

Debenhams says that since the first HomeCentre started trading at Guildford in July last year it has sold more than £25m of property, representing more than 1,500 homes.

•

Citibank has launched a high interest cheque book account which offers the highest return of those available. The Money Market Plus account pays a net compound annual rate of 10 per cent on balances of £1,000 and over. Minimum initial deposit is £2,000.

It has been introduced as a complementary account to its Cheque Plus account. This already offers a better return than competitors of 9.31 per cent net CAR on balances of between £500 and £25,000 (Over £25,000, Abbey National's Cheque-Save Account offers 9.73 per cent net CAR). Money Market Plus will offer fewer facilities than Cheque Plus, which permits standing orders and salary payments as well as free banking. It will simply offer a cheque book facility with a minimum cheque transaction size of £50 and free banking.

Once the account has been opened, further deposits can be made by Bank Giro credit at any bank or by post or standing order. Interest will be calculated on the daily balance and compounded monthly. A monthly statement will be sent to the account holder to show how much interest has been earned. To ensure that the return on the account remains competitive, Citibank says it will review the interest rate weekly. Current rate will be published daily in the Financial Times or customers can obtain them by telephoning Rateline.

The launch of this account coincides with a move by Lloyds Bank to offer greater flexibility on its high interest cheque book account, while Abbey National Building Society is to improve the return which it pays on balances of between £2,500 and £10,000 on its tiered Cheque-Save account to 9 per cent CAR. On balances over £10,000 it pays 9.25 per cent net CAR and on balances of over £25,000 9.7 per cent net CAR.

A boost for babies

THE Baby Bond is the title given to a unit-linked endowment policy launched this week that takes advantage of the tax-exempt status enjoyed by friendly *societies. It offers* a tax-free investment for children aged between 0-18 and will, no doubt, have a special appeal to those relations or friends wishing to put something away for a child's future, with a modest outlay.

The scheme has been devised by *insurance specialist* Dominion Financial Management of Brighton, combining with the Tunbridge Wells Equitable Friendly Society.

Contributions to the Baby Bond are invested in a tax-exempt fund managed by the society that will aim for capital growth by investing mainly in blue chip shares and government securities. It is a 10-year endowment policy, at the end of which the investor can take the money accumulated in cash or income over a period; leave the contributions in the policy to continue growing tax-free; or continue contributions for a maximum further 10 years.

Because of the tax exempt concession, the maximum that can be invested in the Baby Bond policy for each child is £100 a year (or £9 a month). Alternatively, a lump-sum £800 can be paid at the outset to cover the whole 10-year period, *thus saving two annual contributions.*

Additionally, if you buy the Baby Bond for someone who is not your own child you can fund the contributions by a deed of covenant, thus possibly getting a further tax concession.

The first recipient of a Baby Bond

The Eagle flies again

EAGLE STAR Insurance is moving back into the unit trust and unit-linked life sector. The group was the second traditional company to launch a unit-linked product some years ago, *but without the necessary technology*, it failed to make much impact.

Now the technology is available; Eagle Star is being encouraged by BAT Industries, its parent, to expand its financial services. It can claim to have the necessary investment expertise, as well as the administrative requirements, for a modern unitised operation. It has £5.5bn under management and claims a good track record for its unitised managed *pension funds.*

Eagle Star has adopted the growing trend among life companies of rating its funds according to the degree of investment risk. It is using the colours of the rainbow to categorise that risk.

Each of the seven unit trusts and the four funds linked to the Rainbow Bond have a colour rating to indicate the risk-reward ratio. Investors can paint their own rainbow, mixing the colours to their own inclination and requirements.

The bond offers four funds ranging from the secure to the highest risk. For large investors there *is* the attraction of extra bonus units allocated every three years.

Meanwhile, Allied Dunbar (formerly Hambro Life), Eagle Star's stablemate in BAT Industries, is climbing on the school fees and Further Education bandwagon.

Its Schools and College Programme aims to provide solutions to paying education bills at various stages.

The programme identifies three time periods when fees become payable.

- If fees are required immediately or in five years and there is no capital available, loan facilities are offered to parents.
- For fees required in five to ten years, the programme will arrange savings to meet those fees, using non-qualifying investment plans.
- For fees required at least ten years hence, the programme will provide qualifying life savings contracts, utilising the tax advantage for the higher-rate taxpayer.

Since circumstances of parents vary, individual planning in school fees is essential. Allied *Dunbar is one of the companies* the expertise of which is recommended by the Independent Schools Information Service.

Tender is the Night. Compelling is the viewing.

In 1925 a young American sat down at the typewriter.

He was a man with a rare talent and a beautiful but mentally disturbed wife.

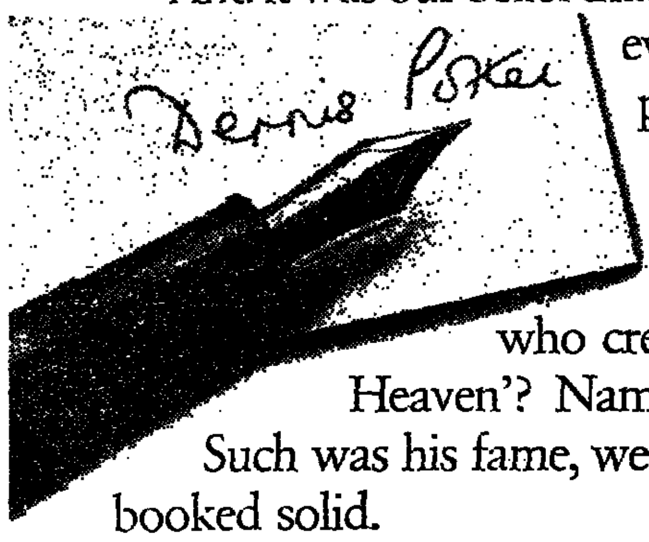
The haunting novel he wrote told of a man with a rare talent and a beautiful but mentally disturbed wife.

It chronicled their tortured romance and its slow, painful disintegration.

The writer was F. Scott Fitzgerald, the novel 'Tender is the Night'.

It made compelling reading.

And it was our belief that it would make even more compelling viewing.



And who better to recreate the Jazz Age than the man who created 'Pennies from Heaven'? Namely, Dennis Potter.

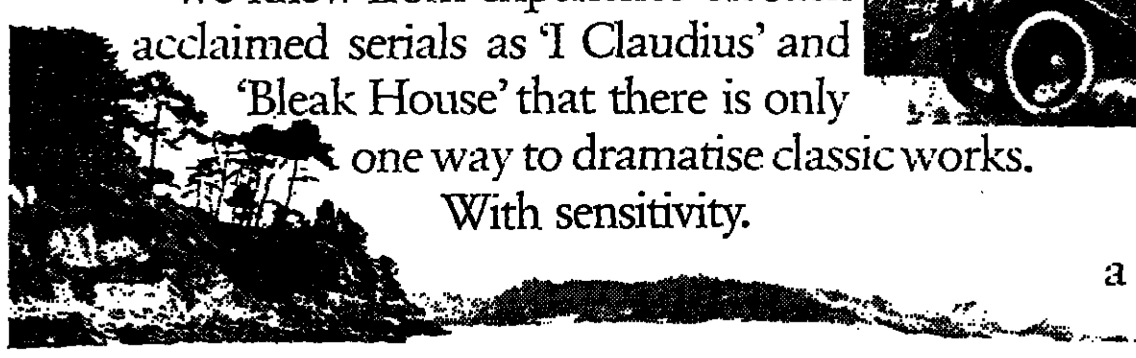
Such was his fame, we knew he would be booked solid.

But such was his enthusiasm for 'Tender is the Night', he dropped everything and began a 3 month labour-of-love.

With the arrival of his 6-part dramatisation, our production staff began work on the daunting task ahead.

We knew from experience on such acclaimed serials as 'I Claudius' and 'Bleak House' that there is only one way to dramatise classic works.

With sensitivity.



To bring Fitzgerald's rich vision to the small screen would be a large undertaking.

It needed to be shot in the playgrounds of Europe that Fitzgerald and his exotic entourage roamed in the Twenties.

It needed beautiful costumes. Large motor cars. Glittering ballrooms. And huge houses.

It needed a cast of Americans who could convincingly portray the flawed lives led by the young, rich and raucous in the Jazz Age.

In short, it needed about a million dollars an episode.

Mindful of the licence payers lot, we thus embarked on a co-production.

The deal we struck with our American and Australian partners contained one vital proviso.

The BBC insisted on having artistic control.

You can see why.

'Tender is the Night' deals with love, mental illness, adultery, drunkeness, even incest.

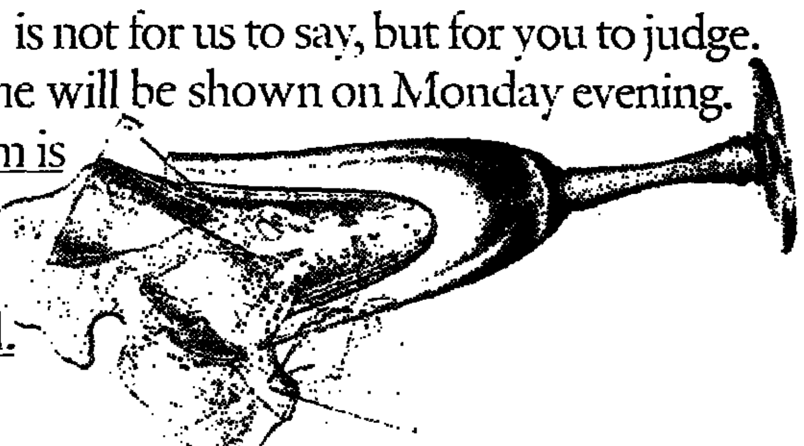
In the wrong hands the book that meant so much to Fitzgerald could have been reduced to some torrid mini-series.

Easily digestible, but easily forgotten.

Whether we have succeeded in bringing you a sensitive dramatisation of this American classic is not for us to say, but for you to judge.

Episode One will be shown on Monday evening.

9.25pm is the time.
BBC2 is the channel.



The BBC

The finest broadcasting service in the world.

Business Expansion Scheme

Pay your money, take your chance

IF YOU want to invest in something different, and take advantage of the generous tax incentives offered by business expansion schemes, the choices *now on offer are bewildering.*

Shares in thoroughbred horses, "fine" country homes, hotel apartments, public houses, nursing homes and a warehouse for storing important City documents are all *included in a batch of business* expansion schemes just launched to cash in on the autumn investment "flush."

Adding them all together more than £23m of investment money is being sought for what are acknowledged generally to be high risk ventures that may pay off handsomely—or end as so *many have already,* in ignominious failure.

All the latest schemes, with the exception of investing in thoroughbred horses, have a strong property element, reflecting how investors prefer to put their money into *something* tangible—a realisable asset. Property development was added recently to the list of companies which do not qualify for the business expansion schemes (along with farming, banking, insurance, etc).

The relief on what you invest at your top rate of tax—up to 60 per cent at present—means that unless the scheme is a complete disaster, you might *still have a reasonable or very* good investment in real terms. In other words, you can afford to have a bit of a gamble at the Government's expense. That, of course, was the whole purpose behind the idea. The Business Expansion Scheme (BES) was set up to encourage investment in new or small businesses that would have found is difficult, or impossible, to raise money through tradi*tional channels.*

The snag is that you have to put your money away for at least five years to get the full tax relief, and there are all kinds of restrictions that will, no doubt, increase if the Government finds it is having to spend too much money subsidising businesses that do not properly meet the basic objective of encouraging overall investment. Hence, perhaps, the rush to jump on the bandwagon while the going is good. Here are the latest runners.

● *Newmarket Thoroughbred* Breeders is seeking up to £10m to establish a UK-based business to breed and sell high quality bloodstock. The sponsors, stock brokers Fielding Newsom-Smith and L. Messel, say the issue will give small private investors the chance to get a stake in the top end of the *market*—the most profitable sector which, in recent years, has been dominated by a few wealthy individuals in view of the large sums involved.

The company intends to breed and sell high quality *foals and yearlings and* will, therefore, buy appropriate mares and fillies (to be kept on stud farms) as well as shares in top stallions. It is not planned to go into racing. Two in-foal mares already have been *acquired from the Swettenham* Stud controlled by Robert Sangster, a leading racehorse *owner and breeder who is one* of the four promoters and executive directors of the company. Most purchases, however, will be made at public auctions.

The subscription list opens on September 23 and will close on October 28. Minimum investment is £1,000, and multiples *of £500* thereafter.

● Fine Country Homes is looking for a maximum of £3m (by offering 3m 50p shares at £1 each) to buy and restore country houses for use by *tourists, particularly from the* U.S.

It will initially acquire two *houses in Suffolk—Flemings* Hall in Bedingfield and Box Hall in Shottisham—but plans *also* to expand into other popular tourist areas in the Lake District, Cotswolds and Scotland. Anthony Wieler and Co, the sponsor, points out that the company will have substantial asset banking. However, if U.S. tourism falters, possibly because of a further decline in the dollar, protability obviously *would suffer. Minimum subscription is £2,000 although* applications for smaller sums will be accepted provisionally.

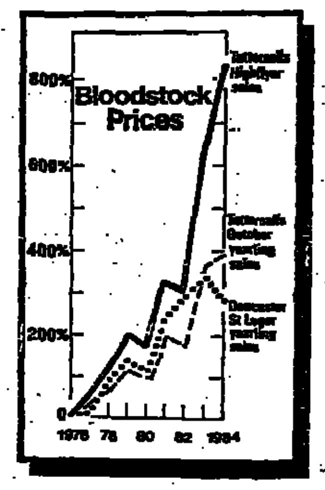
● *Hotel Apartments wants £5m* to buy properties to provide quality hotel suites in prime areas in central London. Underwriting of the minimum (£1m) required has enabled the company to go ahead with arrangements *to* buy the freehold of Rutland Court in Knightsbridge, which will be refurbished and turned back into its previous hotel use. The offer is open until October 11, and the minimum investment is £3,000. The sponsor is Johnson Fry and Co.

● Broadwater Homes is a going concern, set up in 1984, and running two nursing homes. Investors will, therefore, receive their tax relief certificates *shortly after October 18 the* closing date of the issue. Its purpose is to raise funds to expand in the private nursing home sector. The minimum of £700,000—underwritten will enable the company to buy and refurbish a further home, *already identified,* and the maximum of £2m should enable a further nine to be bought over the next five years Minimum subscription is £1,300 and the sponsor is Johnson Fry.

● Citybond Storage Services plc *is buying a warehouse with*in three miles of the Bank of England where it will offer to store documents and other material for City and West End companies. There will also be a retrieval service.

Johnson Fry, the sponsor, admits it is not a glamorous business but claims it could be *highly profitable with London* office rents at £50 a square foot compared with warehouse space at less than £6. If the maximum £3m is raised, further warehouse sites will be sought. Closing date is October 14 and the minimum investment is £2,000.

John Edwards



Newmarket Thoroughbred Breeders: Opportunity for a gamble

Liquid assets takes on a new meaning with the Capital Inn Fund, a BES venture for investing in public houses. The fund managers aim to tempt tenants of "tied" public houses to take an equity stake (between 20 to 30 per cent) in freehold premises in partnership with the fund.

The Whitbread brewing group has agreed to *help find suitable* publicans and premises. In return, it will be the main supplier in most cases, although the outlets will keep their "free-house" status.

Capital Ventures, which is launching the fund, is keeping it open until the end of next March. It is looking to raise a minimum of £250,000, with no stated maximum. No front end fee will be charge for subscriptions received by the end of this month but a 5 per cent charge will apply between October 1 and December 31, and 7 per cent thereafter. Minimum subscription is £5,000 and larger sums must be in multiples of £50.

William Dawkins

"Busted" bonds

On the slow boat from China

HOLDERS of Chinese "busted bonds" may well have *experienced a flutter of excite*ment at the news recently that the People's Republic ventured into its first public financing in the London markets since the 1949 revolution. The launch of a $200m floating rate certificate of deposit issue (FRCD) by the Bank of China has raised hopes that the Chinese Government might now be close to honouring its pre-revolutionary debts. Rumours of possible government-to-government talks next year have strengthened in recent weeks.

"Busted bonds" — so named because the new regime stopped payment on the loans — have become popular among collectors and investors. Their attractive appearance has drawn the *former,* while the *latter* have reasoned that China's growing desire for full accep*tance in the international* capital markets could lead to a repayment of old debt.

Geoffrey Metzger, of broker Walker, Crips, Weddle, Beck and Co, says: "It now looks more promising than ever before (that the Chinese Government will pay out on busted *bonds*). *While I would not sug*gest you rush out to buy them, I would sit on them a bit longer *if you have already got them.*"

He suggests, however, that your busted bonds may well earn you more money in the collectors' market than you can hope to obtain by waiting for *the Chinese Government to re*pay its debts.

The Financial Times quotes four Chinese busted bonds daily, and Metzger says these are much in demand because at a wave of *interest in scripophily* — *the* term given to the collecting of old bonds and share certificates. But, he *adds,* you can usually buy others on the Stock Exchange's list for half the price, although they may not be as volatile.

Of the bonds quoted in the *Financial Times on Wednesday* this week, Chinese 4½ per cent 1898 jumped from £17 to £22 this week but are still below the 1985 high of £25.

Making a decision on buying a busted bond, based on *future* return in case of repayment of interest, is not recommended *unless you are gambling with* spare cash. Nevertheless, the only existing jobber in Chinese bonds, White and Cheesman, insists that certain bonds, such as the British tranche of the Chinese 5 per cent reorganisation Gold Loan of 1913, "could now be an investment rather than a gamble."

White and Cheesman is optimistic on the possibility of some interest as well as capital repayment on Chinese busted bonds, pointing out that the Chinese Government has never actually repudiated the debt.

"There is a very good chance —say 60/40 — that the Chinese Government will pay up, although not necessarily in full."

If you do not want to worry about the odds of repayment, but simply like collecting busted bonds, you should be reassured in the knowledge that interest in scripophily is picking up. Patience could earn you generous profits on bonds purchased and held, and, according to brokers, the U.S. market is just waking up to collecting Chinese bonds.

Chinese bonds issued between 1898 and 1938 have a face value of approximately £62m. Some brokers argue that because this is such a small amount in terms of international debt, the Chinese Government would have settled it by now if it had any intention of doing so. Accrued interest would now be worth some £153m.

If you have invested some money in busted bonds and also appreciate the look of them, uncertainty regarding a substantial future gain may simply serve to whet your appetite for more purchases. But be warned that, despite China's recent *forays into the Eurobond mar*ket, circumstances have not changed enough to warrant rushing out and buying these bonds as a serious investment.

Dina Thomson

Unit trusts

Investments spread worldwide

WHEN YOU are building a portfolio of unit trusts with the aim of achieving capital growth, it is now accepted as axiomatic that you should spread your holdings around the world's major stock markets.

Many investors, however, want to take a reasonable income from their unit trust holdings, but this has meant investing mainly in UK funds.

Few international unit trusts pay more than 1 per cent or 2 per cent income — partly because overseas stock markets *tend to yield less* than the UK market, and partly because tax rules can penalise income received from abroad. The tax disadvantage has now been reduced, as the rate of corporation tax in the UK has dropped, and unit trust groups have begun to turn their attention to the problem of producing *income from overseas invest*ments.

Along with a handful of general international income funds, there are now eight income funds investing in North America, and two in the Far East. But Europe, which has come to be accepted as an essential part of a balanced *international* portfolio, has offered not a single unit trust with a yield higher than 3¼ per cent. Warburg Investment Management is now planning to fill the gap by launching the Mercury European Income Fund alongside its successful two-year-old Mercury European Fund.

The new fund is intended to yield at least 6 per cent gross, with the emphasis on equity investment. But dividends *in* many of the main continental markets—particularly Switzerland and West Germany—are low, so the fund will also keep around 15 per cent of its portfolio in bonds. Warburgs' will also use instruments such as convertibles and preference shares—which in Europe are often exactly like ordinary shares, but with a higher yield in return for the loss of voting rights.

Even so, the fund will be investing heavily in those countries with high yields. Spain and Belgium, whose markets both have average yields of above 10 per cent, feature prominently, while Germany and Switzerland are represented less than the size of their markets would justify.

The *fund is likely* to prove popular with investors who want to achieve some international diversification in their portfolios without jeopardising their income levels.

George Graham

GEOGRAPHICAL SPREAD OF EUROPEAN UNIT TRUSTS

Fund	France	W. Germany	Scandinavia	Switzerland	Spain	Italy	Holland	Other
Oppenheimer	4	41	1	22	8	8	4	12
Target	24	20	16	16	0	15	6	3
Mercury	11	23	4	23	3	12	12	12
Mercury Income	27	9	14	7	13	10	7	13
Henderson	27	22	19	11	3	2	6	6
Henderson Smaller Companies	34	9	7	10	4	3	14	19
M and G	14	14	9	14	4	14	16	15
New Court	30	17	17	14	0	0	16	6
Schroder	16	25	8	10	3	9	15	14
GT	10	10	40	11	2	15	5	7
Britannia	15	20	7	13	5	2	20	18
Hill Samuel	16	23	11	12	2	13	15	8
Market weight†	14	29	11	16	4	11	11	4
Market yield	4.2	3.3	3.0	2.5	10.0	2.9	4.7	11

† Based on Capital International Europe Index.

Source: Hargreaves Lansdown.

Investors' choice

Many happy returns still to be found

NOW THAT National Savings have announced their new investment rates, building societies generally are again offering a better return to investors than either of their main competitors—the clearing banks and National Savings.

The clearing banks reduced the returns on their investment account following the cut in bank base rates in late July. Building societies thus had the advantage: they were able to set their new rates knowing what the clearing banks were offering. Even now, not all building societies have announced their new rates, while about half those which have will not implement until October.

While the returns on most of the National Savings products have been reduced by 1.25 percentage points, the rate cuts by societies have in many cases been less, except on ordinary share accounts. This, particularly, has been the case with small and medium sized societies which have traditionally offered better returns than the largest ones.

As a result, there are signs of another spate of "leap-frogging" on rates, as some of the leading societies, which had already announced rates, launch new accounts and improve their returns in attempts to retain market share. This is all good news for the investor, particularly since most of the improvements extend the range of instant access accounts, through paying different rates according to the amounts invested.

The clearing banks are also beginning to respond to the building societies' more competitive rates. Midland Bank, for instance, has introduced a two-tier system to its High Interest Cheque Account, paying a higher return of 8.61 per cent compound annual rate (CAR) on deposits of more than £10,000. Lloyds Bank, which launched its high interest cheque account earlier this year, has this week brought it closer to a current account by offering standing order and direct debit facilities.

Nevertheless societies, such as Abbey National, which provide a cheque book account, offer a better return on comparable accounts than the banks. Abbey National is, in fact, improving its return on balances of between £2,500 and £10,000, to 9 per cent CAR. It will thus be offering a better return in deposits of over £2,500 than Alliance's BankSave, which has been paying 8.75 per cent CAR.

Citibank, which already pays 9.31 per cent net CAR on balances of over £500 held in its Cheque Plus account, has gone one better: this week it launched a second high interest cheque book account, Money Market Plus, which pays 10 per cent net CAR on balances of £1,000 and over.

Building societies also offer higher returns than the banks on their other higher interest deposit accounts. On deposits of more than £500, the Skipton's Sovereign account pays 9.10 per cent CAR with instant access.

National & Provincial has changed the rate and structure of its instant access account so that it now pays 9 per cent net CAR on deposits of between £500 and £4,999, and 9.25 per cent net CAR on deposits over £5,000. As a result it matches the return of the Leeds Permanent's Liquid Gold on balances of £500 and over.

These are the best offers from the largest societies in the £500 to £1,000 band. Bradford & Bingley pays the same rate on deposits of £1,000 and over, Abbey National and Nationwide pays this rate only on deposits of £2,000 and over. The Halifax and Leeds Permanent are the only two of the leading societies not to operate a tiered structure on their instant access accounts.

Investors with larger amounts to deposit can do even better—the Abbey National, Nationwide, Woolwich, and Anglia pay 9.25 per cent CAR on deposits of more than £5,000; rising to 9.50 per cent CAR on deposits over £10,000.

Since many societies will not be reducing their rates until next month investors can get even better returns for a few weeks. The "best buys" of the instant access accounts still offering the old rates are Bolton's Extra-Ordinary Share, 11.14 per cent on investments of £20,000 and over; and Haywards Heath Tiered Interest, offering 11.04 per cent CAR. On deposits of £500 and over, Teachers Bullion Shares are still paying 10.78 per cent CAR.

Once again some smaller societies are offering better new rates than larger societies. With an investment of £5,000 you would get 10 per cent CAR on Bideford Quay Term Shares if you are prepared to give three months' notice of withdrawal. If you want instant access, you can earn 9.99 per cent CAR on deposits of £5,000 and over with Brittania's 60 days' notice shares, Town and Country's Super 60, and Essex Equitable's Extra Shares.

The 31st issue National Savings Certificate, which goes on sale on Thursday, will pay a guaranteed 7.85 per cent free of tax if it is held for five years. To get the same return on any other investment taxpayers would have to receive 11.21 per cent gross. But with net returns from building societies of 9 per cent and over standard rate tax payers would do better to put their money there—unless it is thought that interest rates will fall further.

If so, locking into the 31st National Savings issue for five years could produce a better return. Also, you need only £20 to buy a National Savings Certificate against £100, say, to earn 8 per cent net CAR on Nationwide's new Bonusbuilder.

For higher rate taxpayers the 31st issue is definitely a better bet. A top rate taxpayer would need to earn a gross interest rate of 19.63 per cent on any other investment to get the same net return. On a 9.25 per cent net CAR return on a building society account a top rate taxpayer would receive only 5.29 per cent after tax has been deducted at the higher rate.

There is a further advantage: each new National Savings issue provides an opportunity to take up another maximum holding (of £5,000). There have been three new issues in the past 12 months, allowing top rate taxpayers to put £15,000 into these tax-free investments.

The other National Savings product paying a return free of tax is the Yearly Plan—the regular savings scheme which turns into a four-year certificate after the first year. Now paying a guaranteed rate, over five years, of only 8.19 per cent, this is also attractive at present to the higher rate taxpayer who would have to earn 20.47 per cent elsewhere to get the same net return.

MOST ATTRACTIVE NEW INVESTMENT RATES

Investors	Sum avail for investment	Investment vehicle	Return to investor
Higher rate tax payer	£20-5,000	Nat. Savings 31st issue	7.85% free of tax if held for 5 years
	£5,000 plus	Britannia, Town & Country, Essex Equitable instant access accounts	9.99% net CAR 5.71% to 60% taxpayer 7.14% to 50% taxpayer 7.85% to 45% taxpayer 8.56% to 40% taxpayer
	£2,000 plus	Citibank Money Market Plus	10.00% CAR
Standard rate tax payer	£100-£250	Nationwide Bonusbuilder	8.00% net CAR
	£250-£500	Anglia Instant Gold	8.75% net CAR
	£500-£4,999	Skipton Sovereign	9.10% net CAR
	£5,000 plus	Britannia, Town & Country, Essex Equitable (all instant access accounts)	9.99% net CAR
	£2,000 plus	Citibank Money Market Plus	10.00% CAR
Non tax payer	£1-£250	Nat Savings Investments Accounts (1 month's notice for withdrawals)	11.50% gross CAR
	£250-£50,000 lump sum investments with annual interest	Nat. Savings Deposit Bonds (avail, in multiples of £50) (3 months' notice for withdrawals)	12.00% gross CAR
	£2,000-£50,000 for those requiring monthly income	Nat. Savings Income Bonds (avail. in multiples of £1,000) (3 months' notice for withdrawals)	12.00% gross CAR

National Savings products such as investment accounts and Income and Deposits Bonds, virtually the only investments paying interest gross, are, however, the ideal vehicle for non-taxpayers. The rate on National Savings Bank investment accounts drops on Monday to 11.5 per cent. The rates on income and deposit bonds have yet to change, so it will be worthwhile for the non-taxpayer with money to spare to invest in them immediately, to enjoy a few weeks at the higher rates of 13.25 per cent before they are adjusted downwards to 12 per cent.

National Savings investment accounts are not a good bet for taxpayers. The return is only 8.05 per cent to standard rate taxpayers, 4.60 per cent to top rate payers. The only instance where these would be suitable for taxpayers is when you have less than £100 to invest—you can open an investment account with only £5.

Similarly, income and deposit bonds are worth 8.40 per cent for the standard rate taxpayer, only 4.80 per cent to the top rate taxpayer. During the first year three months' notice is required of withdrawal from either income or deposit bonds without loss of interest—otherwise you lose half the interest due.

Margaret Hughes

Car insurance

Motorists in a jam

BEFORE 1985, motorists enjoyed a few years when their insurance premiums rose little or remained static—a welcome contrast from the 1970s when premium demands were as much as 30-40 per cent higher than the previous year.

However, all good things come to an end. The competition between motor insurers which kept premium rates down for so long has resulted in losses piling up and corrective action on premiums was long overdue. But insurers have also had to contend with another adverse feature.

Since the middle of last year, the insurers have seen the number of claims per 100 vehicles insured climb steadily and they cannot attribute this to any one factor.

There appear to be a number of possible causes—the bad winter and wet summer and motorists making more claims because their no claims discount is protected against one or two claims. Tom Roberts of General Accident, one of Britain's leading motor insurers, attributes it to bad driving and a deterioration in motoring standards.

Whatever the reason, motor insurance premiums are being increased by the insurers right, left and centre. The Quotel index of motor insurance premiums, which actually dropped 2 per cent in 1983 and rose only 5.1 per cent last year, had risen to 18.9 per cent to the beginning of August. This means increases on a par with the 1970s even though inflation is still low.

Some insurance companies—Royal Insurance and Guardian Royal Exchange being two prime examples—have made two rate increases in less than a year. More increases are in the offing because insurers' interim results showed mounting losses in UK motor accounts. Mr Alex Mandeville, chairman of Lloyd's Motor Underwriters' Association, said earlier this month that premiums had increased on average by 11 per cent this year at Lloyd's but were still too low.

This is not the only blow to motorists. Insurers faced with rising losses can do two things—put up premiums and try to curtail losses by tighter underwriting.

Until recently insurers, at least in the company market, avoided the second course of action because disputing claims leads to resentment and loss of business. But the position is such that insurers are prepared to risk this.

One area of restriction relates to those motorists living in London and other inner city areas who park their cars overnight at the kerbside.

At least one company—Royal Insurance—is taking this into account in its underwriting and in many cases refusing to give more than full third party cover to such motorists.

There has been a marked rise in thefts of and from cars. Last year about 345,000 cars were stolen—one-in-10 being in central London. Car theft has become a major risk. But Royal points out that kerbside parking leads to increases in other claims—damage from vandalism and from passing vehicles.

Many Lloyd's syndicates have charged an extra premium for no garage parking in inner cities for several years. One leading syndicate adds t£1 per £100 of the value of the car with a minimum extra premium currently £25.

However, most insurance companies still make no differentiation in the parking, allowing the cost of the extra risk to be borne in the premium charged for the particular area or postcode.

What can motorists do to mitigate the cost of insurance? The simple answer is to shop around for premiums. Many motorists are already doing this successfully.

Insurers are still competing aggressively to get the better risk motorist—essentially the motorist who does not use his car much, the elderly driver and the family man.

For the young driver the situation is somewhat different. Motor underwriters admit privately that they do not want this business as it is too risky. Rates for the young driver are high and likely to go higher.

Looking into the future, one leading Lloyd's underwriter forecasts that insurance companies will soon have little option but to follow the practice at Lloyd's and be much stiffer on claims.

Eric Short

Stocking up for growth

John Campbell continues his series on portfolio planning with a look at an area where there is no "right" way to invest

ALTHOUGH THE main aim of most equity investors is capital growth, individuals aproach the task from widely differing angles. Some are content to hold shares for years while others insist their positions pay off (or get axed) within a fairly limited time-scale. Equally, many set great store by security, while the more speculatively-inclined are happy to accept considerable risk in pursuing outstanding gains.

There is, in fact, no "right" *way to invest for growth.* A strategy that is comfortable and profitable for one man might prove disastrous in the hands of his neighbour. Through trial and error, however, the market novice should eventually settle naturally into an approach that squares with his individual temperament and investment aspirations.

The quarry itself comes in a bewildering variety of guises. *Although equity represents* part-ownership of a particular business it is still possible to generalise about "types" of share.

At the conservative end of the scale are blue chips—the heavyweights of British industry and commerce, and often household names. Brand-new investors are well advised to confine their initial market forays to such companies.

Their results and prospects will be covered often in the financial press, and the marketability of the shares will present no problem. More important still, any mistakes born of inexperience are unlikely to prove too painful.

Although the performance of individual blue chip companies varies widely, it is unusual for any reasonably-spread portfolio of these shares to underperform (or out-perform) the market to any great extent. In *a strong bull market, such as* London has had in recent years, investors are as likely to do well *in blue chips as in any other* type of company.

But if market conditions are *dull, the action inevitably* switches to smaller companies where good value may lie un*noticed.* It is among these, in any case, that the ambitions investor looking for a markedly superior return (albeit at greater risk) is likely to concentrate his efforts. Picking winners among these might require considerable individual research, however, for coverage *in the Press tends to be spasmodic.*

"Cyclicals" are companies operating in sectors that experience a regular sequence of growth and contraction. Profits *naturally ebb and flow* with the turn of tthe cycle and share prices are adjusted accordingly.

It is important to remember that the market tries to anticipate events rather than follow them. In practice, then, the best profits come to those who buy when the immediate outlook appears bleak (at least to the crowd), and sell when business is booming. Such "contrary thinking" obviously requires considerable self-confidence — and because timing is so important, inexperienced investors often find cyclicals difficult.

"Recovery" situations are companies that, for one reason or another, have fallen on hard times. Often, the market tends *to write them off (or at least* forget about them for a while); as a result, shares can become *abnormally cheap. Investing in* such companies might require considerable patience, and can *be dangerous if management* fails to come to grips with the problems. On the other hand, if they do win through, the shares may be substantially rerated. Once recovery becomes widely acknowledged, it is not unusual for prices to double in a few weeks.

A "growth" stock, at its simplest, is merely an expanding business — one with the potential to become very much bigger in time. Ideally, the company should be capable of producing higher profits year by year, and have enough momentum behind it to resist any downturn in the economy. That rationale for investing in *such situations is obvious* — the value of the share stake will (or ought) to expand in line with the company itself.

Unfortunately, this acorns-to-oaks concept is highly popular — so shares in well-recognised growth stocks are usually expensive. Just how expensive depends not only on the rate of growth being shown but also on the vicissitudes of stock market fashion. In times *of recession,* when cyclical stocks will be falling, the "premium" attached to growth stocks as a class will widen — only to narrow again as the economy recovers and market interest drifts elsewhere. It is well to remember, too, that growth-stock enthusiasts can be particularly faddish — *sometimes bidding favoured* companies up to unrealistically high levels.

Because *share prices* can be volatile it is usually wise to invest in growth stocks on a fairly lengthy time horizon. If the company continues to perform over a period of years, any initial error of timing should not, in the end, prove a barrier to profits. But all companies go ex-growth sooner or later—and when they do, the shares' premium rating can be expected to evaporate. No matter how well a particular share has performed in the past, the wise investor will always put a limit on his loyalty.

Broadly speaking, investors divide into two camps — those who *follow the fashion* and those whose shun it. The former will always try to be up with *the play—they invested heavily* in natural resource stocks at the end of the 1970s, switched *into growth situations during* the recession, have since ridden the cyclicals on their return to favour, and are now heavily involved in bid situations.

The trouble with following the fashion is that it is a sight easier to do in retrospect than in the heat of the day. In practice, most investors follow two steps behind — with singularly unprofitable results.

The alternative, of course, is to seek out unloved shares in unfashionable sectors—and then wait for the crowd to arrive. The disadvantage of this approach is that the wait might be long, and frustrating if other shares are rising strongly. Such tactics, in fact, are likely to work only for investors who know they have considerable reserves of patience.

The hunt for sunken treasure

Diving enthusiasts the world over are casting off in search of a lost wreck

Hobby with Titanic costs

IN THE wake of the Titanic discovery hundreds of divers the world over are polishing their tanks, studying charts and casting off to look for a lost wreck. If they do find "sunken treasure," it will be only the first stage of their expedition. Contary to popular belief, it is not always "finders keepers" on the high seas.

Once a wreck has been located on the sea bed, it has to be identified—not easy, when it has fallen victim of an explosion or collision before sinking, and has then lain for some time under water. The task of identification involves studying casualty lists and reference books, and a trip to Lloyd's, where most of the world's shipping is insured or reinsured.

Alternatively, the discoverer could contact the Salvage Association in London. This acts as independent adviser to owners and underwriters, and keeps track of most vessels afloat. The Association would try to *trace the wreck's owner, who in* all likelihood will have officially abandoned the wreck.

*The next stop is the under*writers who insured the ship and paid out when she sank. They will naturally be interested in recovering their money, but if the ship was not salvaged soon after it went down, it may be that the operation was not financially viable at the time. Salvage operations tend to be very expensive — the cost of raising the Titanic is incalculable—and often the ship is not worth repairing when it has been raised.

At this stage the would-be salvor must decide whether or not to go through with buying the hull and raising it. In most cases, the operation does not justify the cost; but sometimes there are other reasons for raising the ship, for example, when it is of historical or personal interest.

It is likely that the cargo of the sunken ship will be more interesting than the ship itself. Many cargoes do not suffer severe damage when submerged for some time, and during disappearance they may have risen in value. The most usual cargoes in this category are precious and non-ferrous metals — but again, the cost of salvaging, landing, storing and selling the cargo must be taken into con*sideration.*

Cargoes are insured by separate underwriters. The salvor must find the owner of the cargo and the insurers, to discover whether they *will sell. Usually a deal can be* struck where the owner of the cargo will split the cost and the *profit of salvage. An owner who* does not want the expense of salvaging may opt to "sell" the *whereabouts of the wreck.*

If a wreck has no known owner, the finder may be able to keep all that can be salvaged from the ship, but anything brought into a British port from a wreck of no known ownership must be declared to the wreck receiver, who will check the identity and ownership of the cargo. If the wreck receiver finds an owner, the salvor will *be paid a proportion of the* value of the goods, depending on the time and trouble taken, the balance will be paid to the owner after deducting expenses.

If the owner cannot be found, the balance goes to the state.

One of the *problems with* shipwrecks is that they are almost impossible to guard; far *from being a possible asset to* an owner, a wreck can be a liability.

*Most owners prefer to aban*don ownership and claim on their insurance. The insurers are then left with the problem of salvaging the cargo and making the wreck "safe." Often they are more than happy to pass this responsibility on to someone else.

Salvaging is a high-risk business even when left to experts. If the wreck is lying a long way from shore, the cost of locating it and maintaining a salvage operation offshore can be huge, even without taking specialist equipment into consideration.

An expensive and exciting hobby, buying wrecks is usually confined to *diving enthusiasts* who get their kicks from dismantling the wreck, hoping that *one day they will find sunken* treasure and join the famous few. To make the business viable, *the would-be salvor must* scan the casualty lists to find a likely wreck, then negotiate *with the owner for a percentage* of the "winnings" if the ship can be located. A visit to the *Salvage Association* will then tell you if the salvage is viable, and further negotiations will determine the percentage of cost and profit the salvor must bear. Meanwhile someone else with a better offer may be approaching the owner, or out at sea the tides have moved the wreck.

Amanda Seidl

Briefcase

Delays at the tax office

My income-tax office seems rather later in issuing tax returns and assessments. My return for the year ended 5th April 1984 did not arrive until July 1984, and although I sent this back within a couple of weeks, my assessment did not arrive until December 1984, and the notice to pay until May 1985. This year, because of several changes in circumstances, the tax office will owe me. I telephoned to request a tax return in May, and they admitted that it had not been sent, and they promised to issue one straightaway. I followed this up with a letter quoting my reference some three weeks later, and I still have not received anything. I do not feel like just sending tax deduction vouchers and certificates with merely a covering letter. Apart from writing to my MP how do I get some action from the Tax Office.

Try writing to the Director of Operations, Inland Revenue, Operations Division (M4), Southwest Wing, Bush House, London WC2B 4RD.

Regrettably, Parliament has not yet provided taxpayers with a convenient procedure for bringing tax inspectors before the local General Commissioners to answer for persistent delay. Maybe this omission will be rectified in the 1986 Finance Bill (in conjunction with the recommendations of the Keith Committee). A simple and equitable solution to this growing problem (*judging from our postbag*) would be to adapt the well-tried procedure for delay in dealing with planning applications: if the Inland Revenue failed to give a decision within eight weeks, the taxpayer would have the right to treat their silence as indicating *refusal*, and could thus bring the question before the General (or *Special*) Commissioners for decision forthwith.

Selling flats

In 1981 my *daughter bought* a 3-storey Victorian house in South London. Like many of these houses it had a bathroom and kitchen on each floor but the floors were in no way self-contained; i.e. the staircase runs from the front door right up the middle of the house with all the rooms opening directly off it, and the hall, backdoor, garden, cellar and attic are all accessible from anywhere in the house.

My daughter has used the whole house as a single residence, with other members of the family occupying rooms there from time to time; it is her only residence.

She now plans to sell the house and in order to do so *most advantageously* she intends to turn the house into 3 self-contained flats and immediately to sell them as such. There is no question for example of her continuing to live in one of the flats while renting the others.

***Will she* be entitled to the exemption from capital gains tax which is due on an owner's sole or main residence? If not what sort of calculations would be involved?**

The gain applicable (pro rata) to the expenditure on conversion etc will be chargeable, subject to the £5,900 exempt *amount (for 1985-86), under* section 103 (3) of the Capital Gains Tax Act 1979. It is difficult to give you a really helpful answer, without knowing the precise (or expected) figures and dates; but unfortunately your daughter can obtain guidance through the intricate and arbitrary CGT rules from the solicitor who will be acting for her in the sale. The free leaflet CGT4 (Owner-occupied houses), obtainable from tax inspectors' offices, may be of some general help—but it oversimplifies the law.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Age allowance tax reliefs

My age-allowance tax reliefs are taken up by (1) by state pension and (2) National Savings Income Bonds. *The* rest of my money is invested in various Building Society accounts. I wish to covenant money to my grandchildren.

Would income tax be refunded to my grandchildren at 25 per cent (the composite tax rate, which is the most I pay), at 30 *per* cent (the standard rate) or not at all (since tax on Building Society accounts is not normally refundable)?

Provided that the gross covenanted payments do not exceed the net building society interest, the *grandchildren should* be able to recover tax at 30 per cent. The tax rules for building society interest are complicated (and are being changed by the current Finance Bill), so it is difficult to give you a clearcut answer without knowing the precise figures you have in mind.

Disclosing problems in insurance forms

EVERYONE who has taken out insurance, whether it was for *their home, household contents*, car or whatever, will have had to complete a proposal form. The questions you are asked depend on the type of insurance that you want and the company you are dealing with.

However one area which can cause *enormous problems* arises from what is known as "the duty of disclosure." This *means that it is up to you to* inform the insurance company of everything that might be relevant to whether or not the company will accept the risk and, if so, at what premium. If you keep quiet, albeit unwillingly, you may find a future claim under the policy is rejected.

A real life example, which *should* be a warning to everyone, was recently highlighted by the insurance ombudsman. A woman who applied for household contents insurance was not asked whether she had a criminal record; she did not consider that a recent conviction for shoplifting was relevant to *her* application. *She did not*, therefore, mention it on the proposal form.

She subsequently made a claim, and her conviction was revealed. The insurance company rejected her claim on the grounds that she had failed to disclose a material fact. The policy holder argued that if she had been asked a specific question, she would readily have disclosed her conviction.

In her case the insurance company was asked to meet the claim. The ombudsman felt that it was unfair to expect a *member of the public to under*stand what should be disclosed; it was really up to the insurance *company to ask the "right."* questions.

Nevertheless the insurance company *is normally* entitled to reject your claim if you have omitted to tell them something which might have affected their decision to accept the risk. For example, a proposal form for building insurance may ask if your home has ever suffered flooding. If you fail to disclose *that it is on a riverbank* and has in fact been flooded every winter, your insurance company wil be perfectly intitled to reject any claim.

To remind you of your obligations, proposal forms nearly always contain a warning that *you are required to disclose all* "material facts." But it is extremely hard for you to know *what sort of facts an insurance* company might want to know, and whether those facts would *affect the premium. A warning* such as "please check that nothing materially affecting the risk has been concealed" does not really help matters much. Indeed you may well ask why, if an insurance company felt something was relevant, it did not specifically ask about it.

The duty to disclose is, in fact, a continuous one. So when renewing your policy you will be asked whether there has been any change in your circumstances.

If, for example, your wife's occupation is stated as "housewife" and *during the course* of the year she goes out to work, you must inform your insurance company of this fact.

The reasoning behind this is that your wife going out to work implies that *the house* will now be unoccupied during the day; this is something "material" to the risk because the house will be easier to burgle.

Some insurance companies, in an attempt to help their customers, accept that, provided all their questions are answered fully and honestly, you will be *considered to* have fulfilled your duty to disclose "material facts." While this, of course, covers matters *which should or* should not be disclosed when you take out the policy, it does not cover subsequent changes in your circumstances. If in doubt about whether anything is material, you should definitely disclose it.

Jeremy Sandelson

The Anchorage, Bendinat, a new waterside complex near Illetas, Majorca, where apartments are selling from £65,000

A pleasant place to live

PEOPLE WHO turn up their noses at Majorca, 60 miles long, 1,405 square miles, largest of the four Spanish Balearic islands, do not know what they are missing.

Away from the concrete tourist hotels and apartment blocks is a relatively unspoilt island full of intriguing history and pleasant places to live. Spain's King Juan Carlos, head of state for the Balearics, has a holiday home on the outskirts of the capital city of Palma.

About six miles from Palma is the *Castillo de Bendinat*, which in Catalan means *bien manger*, (so-called because King Jaime I is said to have eaten his first meal there after invading the island on September 10, 1229).

The present castle dates from the 18th century. It looks down on a stretch of coastal land with a history of stop-and-start development. Too many companies "cut from the sausage," as one lawyer put it, referring to various portions of land sold off by local families.

One developer picked up most of the pieces. What I first saw, two years ago, as an almost barren 850-acre tract, is now the start of The Anchorage, with stylish waterside apartments, a club house, and garden villas.

Soon to be built are 76 golf apartments on the first fairway of the nine-hole course, seeded and ready to play, extending up the cool green valley almost to the foothills of the Sierras.

François Spoerry, creator of Port Grimaud in the south of France, and his son Bernard, the architects, have put together a striking mélange of local styles. Apartments and houses cluster around a courtyard, fountain, patio and pool. They all overlook a small man-made bathing beach and a jetty. Landscaping includes 30 foot date palms brought in from Elche on the mainland.

Craftsmen worked for nearly a year on the handsome porticoes, balustrading and decorative facing of the Anchorage Club, launched last week. The quality of the complex is enough to attract the most demanding buyer.

From Bendinat's London office, 53 Brook Street, W1 (01-629 0883), sales director Colin Wilkinson will send full details plus a copy of their magazine.

Already the first-line units are sold. The next phase, one- to four-bedroom apartments from around £65,000 to £200,000, is coming up now. The golf apartments will be from about £30,000 (a low introductory price for off-plan buying backed by bank guarantee). Or you can have your own villa built.

Other areas to buy in are Son Vida; Deya, with steep cobbled streets, where Robert Graves lives; and Puerto Andrait, with olive groves and 1,000-year-old trees on the high slopes.

At Son Vida, overlooking the golf course near a 13th century mansion which is now a magnificent Sheraton hotel, is a grand country house for sale at £900,000. All the heating is through solar panels. At Santa Maria, towards Inca, famed for its leather and roast suckling pig, is the "Baron's House," built in 1188, complete with chapel and its own well. It costs £135,000.

These two properties are part of the portfolio of Property World, 118, Kensington Church Street, London, W8 (01-221 2000). Neil King of Alex Neil has an office in Palma run by Gillian Hale.

Well-restored Mallorquin farmhouses can be bought from about £39,500 upwards, depending on the amount of land. In the hills above the new 700-berth marina at Portals Nous, about 15 minutes drive from Palma, apartments sell from about £60,000.

If you want a ruin, chartered surveyors Spratley and Co, Craven Street, WC2, have one at around £23,000, as well as old manor houses to do up, prices nearer £50,000.

Spratley's also have plots of land near Valldemosa, where George Sand and Chopin spent the winter of 1838 in the former Carthusian monastery. (Three years earlier the monks who had lived there were turned out by political decree, and the cells were auctioned and converted into apartments. An early example of property development.)

Chestertons Overseas in London, W.8 (01-937 7244), with three associates on Majorca, have everything from penthouses in Palma to a castle near the village of Banyalbufar.

Information centre for foreigners in Spain

If you want help in understanding Spanish official terminology, whether it is for reading electricity and telephone bills, or understanding your tax situation, there is a Foreign Property Owners' Association at Apartado 35, Calpe, Alicante, Spain.

The president is Per Svensson, who has just published *Your Home in Spain—before and after purchase*, £3.30 from Homes Overseas, 10 East Road, N.1. Ignoring misprints, it is an important guide, warning you not to sign anything or pay any money over for a property under construction until you have the following:

- A proper plan of the property, setting out the size, specification of building materials, and what equipment is included. (For instance, what about the hot-water boiler?) Full details of the infrastructure and any communal elements should be shown.
- Explicit assurance that there are no encumbrances on the property.
- Some clause in the contract that some money can be retained against any building faults. There is now, according to the law, a ten-year guarantee for structural defects in construction.
- An *aval bancario*, or bank guarantee, for any payments made before a dwelling is finished. This ensures that all payments made, plus 6 per cent interest, will be repaid to the purchaser if the place is not finished within a specified time, or if it does not qualify for a certificate of habitality. The promoter is obliged to keep the money in a special account and not use if for any other purpose than the construction of the dwelling.

A useful listing of things to watch out for when buying an individual plot of land, or an old house for conversion, includes the reminder that if you have to rely on your own well for water, be sure and have a test-boring made, to determine the amount and quality likely to be available.

Per Svensson believes that the entry of Spain into the EEC will provide a greater impetus to foreign settlement on the Mediterranean coast and the Spanish islands.

June Field

Capital scheme

GIVEN THE increase in house prices, many homeowners are literally sitting on large amounts of capital, especially if they have lived in the same property for several years.

It is capital which people short of ready cash for school fees, holidays, car purchases and so on would dearly like to use but they are frustrated from doing so because it is "locked" into their home. A new loan scheme launched this week allows homeowners to capitalise on the equity in their property.

Key Plan, developed by Medens Trust, the consumer finance subsidiary of Brown Shipley, the merchant banker, allows homeowners to unlock up to £50,000 cash from the capital value of their home while still retaining ownership.

The maximum amount which each individual homeowner can unlock is half the capital value after deducting any outstanding mortgage. Medens Trust then takes a legal charge equal to half with the homeowner retaining the other half. The scheme is open to all homeowners aged between 18 and 50, subject to Medens' normal credit assessment.

The amount thus released is then extended to the homeowner in the form of a long-term revolving overdraft which extends until he or she reaches the age of 60. No capital repayment has to be made until the overdraft facility comes to an end.

Repayments are made from the proceeds of a low cost endowment policy which matures when the policy holder is 60. The borrower must take out a policy with a specified life company, Friends' Provident, with which Medens has an exclusive arrangement.

The interest rate on the overdraft, which must be paid monthly, will be linked to the Finance Houses Association base rate. Currently, the interest charged will be 1.6 per cent a month; equivalent to an Annual Payment Rate (APR) of 20.9 per cent. The overdraft facility is a cheque book account with Medens Trust on which cheques for a minimum of £250 can be withdrawn.

Margaret Hughes

BRIDGE

CONTRACTS often depend upon setting up tricks in a side suit, and precise timing may be needed to ensure the safe development. This interesting hand comes from teams-of-four:

```
              N
           ♠ K J 8 6
           ♡ 10 9 8 6 4 3
           ◇ K 7 4
           ♣ —
     W                 E
♠ 4                ♠ 7 3 2
♡ K J 7 2          ♡ A Q
◇ Q 8 6 5          ◇ J 9 2
♣ K 8 5 3          ♣ A Q 9 6 2
              S
           ♠ A Q 10 9 5
           ♡ 5
           ◇ A 10 3
           ♣ J 10 7 4
```

With North-South vulnerable, South dealt and bid one spade, West passed, and North's pre-emptive raise to four spades concluded the auction.

West led the spade four, won by the nine, and South returned the heart five. The Queen won, and East followed his partner's defence by leading back another trump. This put paid to any ideas of a crossruff, so declarer had to rely on dummy's hearts. He won the trump return with dummy's eight, ruffed a heart in hand, and crossed again to the table via the spade Knave, drawing the last trump, and ruffed another heart with his last trump. Now he led a diamond to the King on the table, and returned another heart, which was taken by West's King. West switched to the three of clubs, and dummy ruffed with his remaining trump.

Two good hearts were cashed, on which a club and a diamond were thrown from hand, and the declarer came to hand with a diamond to his Ace for his tenth trick. He had made three trumps in his own hand and three on the table—a dummy reversal which at the same time established two heart winners. His losers were one heart and two clubs.

A good performance by the declarer. He had to handle his trump entries carefully, and not ruff a club until the hearts were set up.

The next hand occurred in a rubber:

```
              N
           ♠ J 7 4 2
           ♡ 9 4 3
           ◇ 7 5
           ♣ A 10 8 6
     W                 E
♠ 9                ♠ 8 6 5 3
♡ K 8 7 6          ♡ 5 2
◇ A 8 6 4 3        ◇ Q J 9
♣ K Q 7            ♣ 9 5 4 2
              S
           ♠ A K Q 10
           ♡ A Q J 10
           ◇ K 10 2
           ♣ J 3
```

With North-South game, my partner in the North seat dealt, and after two passes I bid one spade. This was doubled by West, North raised to two spades, and it was decision time for me. After thought I went four spades, which is perhaps slightly ambitious, but I felt that I must have a reasonable chance.

West, with no easy lead, started with the diamond Ace, and a second diamond ran to East's Knave and my King. I cashed the spade Ace, and the fall of West's nine confirmed my intention not to lead another trump at once. I led my heart ten—the Queen would have been better, because I wanted to dislodge West's King—and when this held, I ruffed my diamond ten with the spade four. West seemed to have started with a 1-4-5-3 hand pattern. I returned a heart to my Ace, and conceded a heart to West's King.

I was now in complete control. A diamond return allows me to ruff with dummy's trump Knave, discarding a club from hand, draw trumps, and make an overtrick, a heart return is also ruffed high on the table, and a club return is won with the Ace, trumps are drawn, and I lose just one heart, one diamond, and one club.

E. P. C. Cotter

CHESS

THE ADVANTAGE in the world title match in Moscow swung right around this week as Anatoly Karpov began to play like a true champion while his young challenger, Gary Kasparov, looked fallible. Karpov won the fourth game with masterly strategy; then, in the fifth, Kasparov made a slap-dash pawn sacrifice and resigned at adjournment with no compensation.

Kasparov allowed a possible missed win in game two to upset him: he over-pressed from level positions in both his losses. His weaknesses in the 1984-85 match were to underestimate Karpov at the start and to lose his objectivity after a defeat.

Now, again, during game five Kasparov appeared impatient and distracted, unable to sit still. Karpov was intent and disciplined, fighting to restore the blemish on his reputation. He keeps his title in the event of a tie, so is virtually two points ahead.

White: A. Karpov.
Black: G. Kasparov.
Queen's Gambit Declined
(4th game).

1 P-Q4, P-Q4; 2 P-QB4, P-K3; 3 N-QB3, B-K2; 4 N-B3, N-KB3; 5 B-N5, P-KR3; 6 BxN, BxB; 7 P-K3, 0-0; 8 Q-B2, N-R3.

A novelty with the point 8 PxP, N-QN5!

9 R-Q1, P-B4; 10 QPxP, Q-R4; 11 PxP, NxP.

Black offers the gambit 12 PxP, BxP and also threatens N-R5, but Karpov keeps to solid play.

12 Q-Q2! R-Q1; 13 N-Q4, PxP; 15 B-K2, Q-N3; 15 0-0, N-K5 (N-K3 is better); 16 Q-B, NxN; 17 QxN, B-K3; 18 Q-B2, QR-B1; 19 Q-N1, R-B2; 20 R-Q2, R(1)-QB1?

Superficial, allowing Karpov's reply which puts Black's centre under constant threat. Instead 20...BxN; 21 RxB, R(1)-QB1; 22 B-Q3, R-B4 followed by Q-B2 and R-B8 should lead to a draw.

21 NxB! PxN; 22 B-N4, R-B5; 23 P-KR3, Q-B3; 24 Q-Q3, K-R1; 25 KR-Q1, P-QR4; 26 P-QN3, R-B6; 27 Q-K2, R-B1; 28 B-R5, P-B6; 27 Q-K2, R-B1; 28 B-R5, P-QN4; 29 B-N6, B-Q1; 30 B-Q3, P-N5; 31 Q-N4, Q-K1; 32 P-K4!

Preparing an ultimately decisive diagonal queen-bishop attack.

32...B-N4; 33 R-B2, RxR; 34 BxR, Q-B3; 35 Q-K2, Q-B4; 36 R-KB1, Q-B6; 37 PxP, PxP; 38 B-N1, Q-Q7; 39 Q-K5, R-Q1; 40 Q-B5, K-N1.

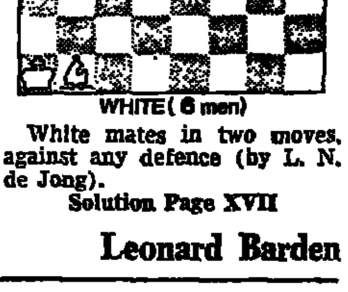
Adjourned: if White can bring his rook into the attack, Black's weakened king will soon be trapped. Karpov solves his problem with geometric precision.

41 Q-K6 ch, K-R1; 42 Q-KN6, K-N1; 43 Q-K6 ch, K-R1; 44 B-B5, Q-B6; 45 Q-KN6, K-N1; 46 B-K6 ch, K-R1; 47 B-B5, K-N1; 48 P-N3! K-B1; 49 K-N2, Q-KB3; 50 Q-R7, Q-B2; 51 P-KR4, B-Q7; 52 R-Q1, B-B6; 53 R-Q3, R-Q3; 54 R-B3, K-K2; 55 Q-R8, P-Q5; 56 Q-QB8, R-KB3; 57 Q-B5 ch, K-K1; 58 R-B4, Q-N2 ch; 59 R-K4 ch, K-B2; 60 Q-B4 ch, K-B1; 61 B-R7, R-B2; 62 Q-K6, Q-Q2; 63 Q-K5, Resigns.

Kasparov's improvised barricade is finally broken. If 63...Q-Q1; 64 Q-B5 ch, R-K2; 65 R-B4 ch, K-K1; 66 Q-B6 ch, Q-Q2; 67 B-N6 ch, K-Q1; 68 R-B8 ch wins.

PROBLEM No. 586

BLACK (5 men)



WHITE (6 men)

White mates in two moves, against any defence (by L. N. de Jong).

Solution Page XVII

Leonard Barden

RESIDENTIAL PROPERTY

Humberts

Yorkshire Dales — 1800 acres

Hawes 7 miles, M6/Sedbergh 28 miles. A1/Bedale 31 miles.

An investment opportunity combining forestry, leisure and farming with vacant possession

400-acre Forest. 1,400-acre farming enterprise with farmhouse, cottage, modern buildings and fully enclosed moor with excellent sporting potential. Four modernised holiday letting units.

In all about 1,800 acres

For sale by Private Treaty as a whole or in two lots

Details: Humberts Yorkshire Office. Tel: (0904 89) 767 and Humberts London Office. Tel: 01-629 6700

(21/1056/RAHS)

Aberdeenshire — 1003 acres

Huntly 3 miles. Aberdeen 39 miles.

A superbly equipped residential arable and stock farm

Luxurious 19th Century stone farmhouse
4 modernised and 4 traditional cottages
Extensive buildings including a 43,000 sq ft livestock complex and intensive pig unit for 500 sows.
Productive arable and grassland
For sale by Private Treaty with about 1,003 acres

As a whole or in 4 lots
Subject to service occupancies

Joint Sole Agents: Smith Milligan. Tel: (0224) 638237 or Humberts National Farm Sales Department. Tel: 01-629 6700

(01/88230/NJL)

Hampton & Sons

SOUTH WARWICKSHIRE

Stratford 8 miles

THE OVERSLEY CASTLE ESTATE

An outstanding and beautifully situated residential and agricultural estate within a ring fence and enjoying magnificent views.

Comprising castellated principal residence
Secondary period residence
Four further houses and cottages
Modern and traditional farm buildings
About 627 acres of farm land with sporting potential

FOR SALE FREEHOLD BY PRIVATE TREATY

Cheltenham Office (0242) 514849
18 Imperial Square, Cheltenham, Gloucestershire GL50 1QZ

SAVILLS

SURREY — 1203 ACRES

London 20 miles, Reigate 3 miles, M25 5 miles.

The Wolvers Estate

Outstanding residential and agricultural estate situated in an attractive rural area, with exceptional communications being 20 miles from the centre of London.

Main House: 4 reception rooms, 10 bedrooms, 3 bathrooms. Separate staff flat. Swimming pool. Tennis court, fine gardens and grounds.

A further 26 houses and cottages. 5 ranges of modern and traditional farmbuildings.

615 acres vacant farmland. 451 acres Let. 99 acres of woodland that form the basis of an excellent pheasant shoot.

1203 acres in all.

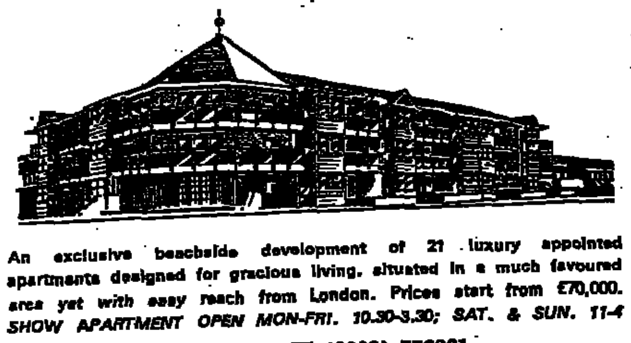
FOR SALE AS A WHOLE OR IN LOTS

SAVILLS, 20 Grosvenor Hill, Berkeley Square, London W1X 0HQ (Tel: 01-499 8644)

20 Grosvenor Hill, Berkeley Square, London W1X 0HQ
01-499 8644

Broadmark Beach

BROADMARK LANE, RUSTINGTON
WEST SUSSEX



An exclusive beachside development of 21 luxury appointed apartments designed for gracious living, situated in a much favoured area yet with easy reach from London. Prices start from £70,000. *SHOW APARTMENT OPEN MON-FRI. 10.30-3.30; SAT. & SUN. 11-4*

TELEPHONE (0903) 776861

Another prestige development by
JARVIS BROTHERS & BREWSTER (Construction) LTD.

CLUTTONS

Near Petersfield Hampshire

Liss (Waterloo 70 minutes) 2 miles

A magnificently positioned Country House totally secluded with 54 Acres of Beech "Hanger" Woodland having superb views over most attractive Countryside.
3 Reception Rooms. Study. Cloakroom. Kitchen. 6 Bedrooms. *Dressing Room*, 3 Bathrooms. Oil Central Heating.
Integral Garage. Double Garage. Swimming Pool.
Terraced Garden and Orchard. 2 Bedroomed Cottage. Beech Woodland.

About 54 Acres

Mayfair Office Tel: 01-491 2768

74 Grosvenor Street, London W1X 9DD. Telephone 01-491 2768
Also at: London – Westminster, Kensington, Chelsea, Arundel, Bath, Canterbury, Edinburgh, Harrogate, Oxford, Wells, Bahrain, Dubai, Kuwait, Sharjah.

Superb Location

Excellent modern flats for sale on long leases

SHOW FLATS OPEN
MON-FRI. 12.00 noon – 4.30 pm.
SUN 2.00 pm. – 4.30 pm.

22 PARK CRESCENT
REGENTS PARK
W1

Studio Flats From £53,500
1 Bedroom Flats From £82,500
2 Bedroom Flats From £120,000

● Porterage ● Lifts ● C.H. & CHW ● Fully Fitted Kitchens ● Impressive Entrance Hall ● New Carpets & Curtains

ALLSOP & CO

30 Montpelier Street, London SW7 1HE
01-584 6106
Telex: 267397

IMMEDIATE OCCUPATION

Knight Frank & Rutley

On the instructions of the Executors of the late Sir Arthur Guy Salisbury-Jones and family

HAMPSHIRE

THE FAMOUS HAMBLEDON VINEYARD

Principal house with 7 bedrooms and 3 reception rooms. Self-contained wing with 2 reception rooms and 3 bedrooms. 7½ acre vineyard and a fully equipped winery. Cottage.

ABOUT 19 ACRES

(AW/14269)

20 Hanover Square 01-629 8171
London W1R 0AH Telex 265384

Simmons & Lawrence

Chartered Surveyors — Established 1770

Berkshire/Hampshire border

Newbury 5 miles — M4 (Junction 13) 7 miles

An impressive country house in an outstanding position

Commercial Interest! — Subject to Planning

5 reception rooms, 7 principal bedrooms and 2 dressing rooms, 3 bathrooms, 2 secondary bedrooms, 2 bathrooms
Attic beds. Beautiful gardens and parkland

about 24 acres

Joint Agents:
Knight Frank & Rutley
Hungerford Office
Tel. 0488 82728 Ref. (NHvZ/05176)
and London Office
Tel. 01-629 8171 Ref. (PR)
Simmons & Lawrence
32 Bell Street, Henley-on-Thames
Tel. 0491 571111 Ref (CNSC)

YEW TREE HOUSE, WESTFIELD, E. SX. Between Battle and Rye. 6 newly converted 1 and 2 bedroomed flats in country manor house equipped to a high standard and set in 2 acres of delightful communal grounds adjoining vineyard. Features include entry phone, full ch, fitted carpets, built-in cooker, hob, fridge, etc. Open for viewing. Prices from £30,000. ONLY 3 REMAINING. Braxtons, 81 High Street, Battle, Sussex (04246) 3333.

WESTMINSTER SW1

Newly decorated huge flat with large windows. Very light and airy, situated on 3rd floor in quiet area near Victoria. 3 beds, 2½ baths, 1 recep. huge mod kitchen, utility room. Available now, long let. £500 p.w.

MAYFAIR OFFICE: 01-629 4513

Chestertons

FREEHOLD
OFFICE INVESTCENTS

CHESHAM, BUCKS, *close M25 & M1.* Modern Building, 5,190 sq ft with car park. Let to major international Co. Rent £39,000 pax with 5 yr rent reviews. Price £550,000.
CHATHAM, KENT. Modern Bldg. 7,800 sq ft with car park. Let to excellent covenant. Rent £26,500 pax (£3.40 sq ft) with 5 yr rent reviews. Price £260,000.

FIFIELD GLYN
01-499 8562

FREEHOLD INVESTMENT PROPERTY
KENSINGTON W.8

Rental income of £18,000 pa on a F.R.I. lease for 18 years. Rent review every 3 years. Offers over £220,000 invited.
Reply Box T6228, Financial Times, 10 Cannon Street, London EC4P 4BY

ALDERSHOT, HANTS. Freehold Warehouse Investment. Let to excellent covenant. Detached Bldg. 17,100 sq. ft. Rent £51,000 pax. Price £505,000. Yield 10% net. Fifield Glyn 01-499 8562.

NORTH DEVON
NEAR HOLSWORTHY
300 ACRE DAIRY FARM

(whole/2 lots). Milk quota exceeding 1,000,000 litres. 5 bed Farmhouse, superb farm buildings. Mobile home. (Lot 1 256.5 acres. Lot 2 53.3 acres.) Sale by public auction: October 16th.
KIVELL & SONS AUCTIONEERS
Holsworthy (0409 253888)

RESIDENTIAL PROPERTY ADVERTISING APPEARS EVERY WEDNESDAY & SATURDAY

For further information contact
DIANE STEWARD
01-248 8000 EXT 3252

OVERSEAS PROPERTY

JAMAICA

MOST MAGNIFICENT OCEAN VIEW

Perched on a hill, this elegant villa offers two 1-BR apts with separate maids' quarters. Fully furnished and in mint condition with 2 terraces and garage on 3+ acres. just minutes from the exclusive Marbella Club. Very low upkeep.

US$360,000

L. OFT, P.O. Box 2818
New York, N.Y. 10185, U.S.A.

ONLINE to MARBELLA

The quality of construction, finish and attention to detail at Online will astound you. The location is perfect. It is very private, yet within just a few minutes stroll from Puerto Banus. There are studios, 2 and 3 bedroom duplex apartments most with roof top terrace, all with air conditioning. In addition there is a magnificent swimming pool and plenty of parking space. Contact us now for further details.

(01) 352 2455

MARBELLA PROPERTIES
1 Edith Grove, London SW10
Our name is your guarantee.

SOUTHERN SPAIN

LE VILLAGE, MARBELLA

● Constructed under British supervision by NORWEST HOLST to the highest specification.
● Privileged membership of the Las Brisas Golf Club.
● Excellent amenities include swimming pools, tennis courts, landscaped gardens, private club and 24 hour security.
● 2 and 3 bedroom luxury units from £61,500 to £135,000.

Special presentations at the CHURCHILL HOTEL
Victoria Penthouse Suite
Portman Square, London W.1.
4pm–9pm on 17th October and 7th, 21st and 28th November.

Further details from

FINCASOL 4 Bridge Street, Salisbury SP1 2LX
Tel: 0722 26444 Telex: 477517 WTS.G

Marbella Real

IT'S ANOTHER WORLD

Marbella Real, built for the élite, located in the worldwide famous golden mile. Sheer luxury and the most spacious garden apartments with panoramic sea and mountain views. Private health centre; Bar restaurants; Indoor heated swimming pool; Sauna, jacuzzi; 2 squash courts, gymnasium; 6 out-door swimming pools; Tennis court; Mediterranean gardens; Waterfalls; Underground parking and private lock-up storage.

Purchase in total security from our Government backed performance guarantee to our 24-hour security system.

For further information contact:

Mr E. Benatar, 17 Manor Lane, Maidenhead. Tel: 0628 781444 or to compare our standards visit our show apartment, which is our pride, on site. Tel: Marbella 776428

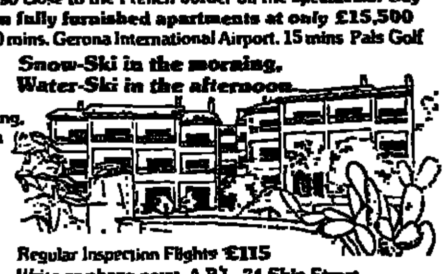
LA ESCALA

The unspoilt Costa Brava

For those who demand the best – only a day's drive away.

In this idyllic setting so close to the French border on the spectacular Bay of Rosas. **2 bedroom fully furnished apartments at only £15,500** *incl. all legal fees.* 30 mins. Gerona International Airport. 15 mins Pals Golf Course. 30 mins France. 1½ hours from skiing in the Pyrenees. Wind-Surfing. Water-Skiing. Scuba Diving, fishing etc.

Snow-Ski in the morning. Water-Ski in the afternoon.



Associated Property International Limited

Regular Inspection Flights £115
Write or phone now: A.P.I., 34 Ship Street, Brighton, Sussex. Tel: (0273) 24378/24419

SOUTHERN SPAIN

ALMERIA PROVINCE

Only 30 mins. from airport

Excellent one-bedroom apartments, 100m from sea, and two-bedroom apartments on sea front. Own swimming pool and use of adjacent hotel facilities. Guaranteed lease-back if required.

From Pta. 4,200,000 (£18,666) fully furnished.

Full details from:

Peter A. Mills, F.P.C.S.
29a Castle Street, Salisbury, Wilts. SP1 1TT
Tel: 0722 334551 Telex: 477019 ASR

GIBRALTAR to MALAGA

The Costa del Sol

New and Re-sale properties from £25,000.
Finance available.
Frequent inspection visits.

WESTMINSTER International Real Estate Ltd

Detailed Property Portfolio from:
151 Ashley Gardens
London SW1P 1HW
Telephone 01-834 1066
Telex 26905 Ref 2449
Accredited Property Consultants

20 MINUTES FROM

GENEVA

AIRPORT — SWITZERLAND
FOREIGNERS AUTHORISED

Luxurious apartments for sale. View of Lake of Geneva and exceptional panorama of the Alps. SwFr 1,250,000. Banking information and bank facilities.

SWISS VOLKSBANK GENEVA

For information:

Belvedere de l'Observatoire SA
18 Bd. des Philosophes, CH 1205 Geneva
Tel: 22/20.12.22 Telex: 22 822 SPL CH

Switzerland

For sale with authorisation for foreigners, above the LAKE OF LA GRUYÈRE

Wooden Chalets

3/6 rooms, 600 sq.m. land or more. Wonderful view.
From SwFr 260,000, all incl. Deposit SwFr 35,000.
Information:

IMMO SERVICES BULLE SA
P.O. Box 294
1630 Bulle, Switzerland
Tel. 41-29-23021

SOUTHERN SPAIN

ALMERIA PROVINCE. Only 30 mins. from airport. Excellent 1 bed apts. 100 m from sea and 2 bed apts. on sea front. Own swimming pool and use of adjacent hotel facs. G'teed lease-back if req. From Pts. 4,200,000 (£18,666) fully furn. Full details from:

PETER A. MILLS, FPCS
29a Castle Street
Salisbury, Wilts SP1 1TT
Tel: 0722 334551
Telex: 477019 ASR

COSTA BRAVA SPAIN

For sale—eight 2-bedroomed, fully furnished maisonettes. 20 yds from sea with magnificent views. Space of approx 4,500 sq. ft. for future development on top. Moderate income. Great potential. Position must be seen to be appreciated. £75,000 or equivalent in most currencies

Details: I.O.M.
Tel: 0624 814214

SOUTH OF FRANCE

Vence 2 km

Restored villa in 2½ acres mature gdns. with lge. htd. pool, floodlit tennis, etc. 6 bed, 4 bath, etc. plus poolhouse, studio, guest and staff cottages.

Bargain at £300,000

Details from
PEREDS, 01-221 1404

SOUTH TENERIFE

Own a beautiful furnished apartment in a peaceful location of Los Christianos. Ideal for your holidays or retirement with our special lease-back agreement. We will pay up to 43% of the purchase price.
Write or phone for details to:
ASOMADA DE LOS CERES
38 Colgrave Road, Plumtree, Notts.
Tel: 06077 4615

MALLORCA

We have property for sale in these areas:

Porto Cristo	Santa Ponsa
Cala D'Or	Andraitx
Portals Nous	Pollensa

1, 2, 3 bed apartments and houses

Regular Viewing Flights
Flexible Terms
For more information contact:
MMI PROPERTIES LTD.
Imperial House, 49 London Rd., London, SE23
Telephone: 01-699 0031 (24 hrs)

CYPRUS

LIMASSOL

NEW LUXURY APARTMENTS
MORTGAGES AVAILABLE
Full details from:

THORNTONS
SULBY HOUSE, SUDBURY, SUFFOLK CO10 6RE
TEL: (0787) 70986

ANDORRA

THE TAX HAVEN IN THE MOUNTAINS

Apartments, chalets and farmhouses *from £11,000 to £140,000. Suitable* for second home, retirement or investment. Close to five ski resorts.
* No taxes, no currency regulations
* No restrictions on selling property
* Very low cost of living

SPANISH SKI PROPERTIES
20 Tithebarn St., Liverpool L2 2DT
Tel: 051-727 4641 & 051-427 3662

ALGARVE

PROPERTY CONSULTANTS LTD

PLEASE SEND FOR OUR FULL COLOUR BROCHURE
● Villas ap'ts & land in various locations. Inspection flights.
● Efficient, fast villa construction service.
● Prices from £25,000.

90 Regent St, London W1.
Tel: 01-734 8080,
(0405) 816962 (24 hrs)

AUSTRIA

Apartments for sale in world ski resort. £20,000-£70,000. Glacier Skiing in summer, heated pool, sauna, tennis courts. 2 nights free in hotel to view

90% MORTGAGE AVAILABLE

Brochure:
CHESSHIRE GIBSON & CO
Tel: 01-491 7050

MENORCA CO-OWNERSHIP

£33,000

Owner offers halfshare picturesque villa near Mahon. Four b/r, two baths, pool, gge, gdn etc. Excellent order—equipped to OSL luxury standard. High rental income.

01-278 4855

MALLORCA. For a wide selection of up-market Villas & Apartments. Contact: Dominic Shapcero 0602 413593.

COSTA DEL SOL. Legally Registered Agents offer the "Complete Professional Service" for homes and businesses at all price levels, from Malaga to Gibraltar. See our fact filled brochure before you decide. SAISA International Properties, 72 Alma Road, Bristol. Telephone: 0272-732063. TLX. 44830 HBS.

MARBELLA PROPERTIES EXHIBITION, Sunday, 22nd September. Hotel Riviera, Newquay. Brochures R.E.A.L. International. 01-486 5252.

FINANCIAL TIMES

PUBLISHED IN LONDON • FRANKFURT • NEW YORK

Head Office: The Financial Times Ltd, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: (Editorial) 8954871. Telex: (Advertising) 885033. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd, Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Guiollettstrasse 54. Telex: 416052. Telephone: 7598-157. New York Office: The Financial Times, 14 East 60th Street, New York, NY10022, USA. Telex: 238409 FTOL. Telephone: (212) 752 4500.

INTERNATIONAL & BRITISH EDITORIAL, ADVERTISEMENT & CIRCULATION OFFICES

Amsterdam: *Editorial, Advertising and Circulation* Singel 512, NL-1017 AX Amsterdam. Telex: 16527. *Editorial* Tel: 020-276 796. *Circulation* Tel: 020-239 430.

Birmingham: *Editorial and Advertising* George House, George Road, Edgbaston, Birmingham B15 1PG. Telex: 338 650. Tel: 021-454 0922.

Bonn: *Editorial* Heussallee 2-10, Pressehaus II/104, D-5300 Bonn. Telex: 8869 542. Tel: 02221-210039.

Brussels: *Editorial, Advertising and Circulation* Rue Ducale 39 Hertogsstraat, B-1000 Bruxelles. *Editorial* Telex: 23283. Tel: 02-512 9037. *Advertising and Circulation* Telex: 64219. Tel: 02-513 2816.

Buenos Aires: *Editorial* Edificio Sfico Piso 7, No. 74 Avenida Corrientes 456, Codigo 1366, Buenos Aires. Telex: c/o Reuters (London 24 145). Tel: 01-394 7696.

Cairo: *Editorial* PO Box 2040, Cairo. Tel: 751 482.

Copenhagen: *Advertising and Circulation* c/o Dansk Bladdistribution, 5A Rosenborggade, DK-1130 Copenhagen. Telex: 16680. Tel: 01-134 441.

Dublin: *Editorial* 25 South Frederick Street, Dublin 2. Telex: 25414. Tel: 01-603 378.

Edinburgh: *Editorial and Advertising* 37 George Street, Edinburgh EH2 2HN. Telex: 72484. Tel: 031-226 4139.

Frankfurt: *Editorial, Advertising and Circulation* Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1. *Editorial* Telex: 416052. Tel: 069-75980. *Advertising and Circulation* Telex: 416193. Tel: 069-75980.

Geneva: *Editorial, Advertising and Circulation* 15 rue du Cendrier CH-1201 Geneva. *Editorial* Telex: 22589. Tel: 022-314 242. *Advertising and Circulation* Telex: 22589. Tel: 022-311 604.

Hong Kong: *Editorial* 7F Sitton Court, Harbour City, Kowloon. Telex: 57590 FTHKD HX. Tel: 3-722-5457. *Advertising* 802 Far East Exchange Building, 8 Wyndham Street Hong Kong. Telex: 60418 Wadco. Tel: 5-266-84313.

Johannesburg: *Editorial* 706 Union Centre West, 52 Simmonds Street, Johannesburg 2001. Telex: 8-6257. Tel: 011-838 7545.

Leeds: *Advertising* Permanent House, The Headrow, Leeds LS1 8DF. Tel: 0532-454969.

Lisbon: *Editorial* Rua do Prior 31-33, 1200 Lisbon. Telex: 12533. Tel: 019-674 406.

Madrid: *Editorial* Espronceda 32, Madrid 3. Telex: c/o Reuters (London 24145). Tel: 91-441 6772.

Manchester: *Editorial, Advertising and Circulation* Queen's House, Queen Street, Manchester M2 5HT. Telex: 666 813. Tel: 061-834 9381.

Mexico City: *Editorial* Calle Dinamarca 54-500, Col. Juarez, Mexico 6DF 06600. Telex: c/o Reuters (London 24145). Tel: 592 5822.

Milan: *Editorial* Piazza Cavour 2, Milan. Tel: 02-706 188/781 075.

New Delhi: *Editorial* 3 Sardar Patel Marg, Chana Kyapuri, New Delhi 110021. Telex: 81315590. Tel: 011-374 308/011-376 484.

New York: *Editorial, Advertising and Circulation* 14 East 60th Street, New York 10022. *Editorial* Telex: 66390. Tel: 0212-752 7400. *Advertising and Circulation* Telex: 238409. Tel: 0212-752 4500.

Paris: *Editorial, Advertising and Circulation* Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044 Paris Cedex 01. Telex: 220044. *Editorial* Tel: 01-297 0625/6/7/8. *Advertising* Tel: 01-297 0621/2. *Circulation* Tel: 01-297 0620/0623/0630.

Rio de Janeiro: *Editorial* Avenida Rio Branco 45, Salas 2611/2612, Centro CEP 20090, Rio de Janeiro RJ. Telex: 213 3593. Tel: 021-263 8845.

Rome: *Editorial* Via della Mercede 55, Rome. Telex: 610032. Tel: 06-678 3314.

Singapore: *Editorial* Times House, 390 Kim Seng Road, Singapore 0923. Telex: 21239. Tel: 733 2511.

Stockholm: *Editorial* c/o Svenska Dagbladet, Raalambsvagen 7, S-Stockholm. Telex: 17603. Tel: 08-50 60 88.

Sydney: *Editorial* PO Box 182, Spit Junction, Sydney. Tel: 02-20924.

Tel Aviv: *Editorial* 10 Bar Giora Street, Tel Aviv. Telex: 341130/341619/33779. Tel: 03-286 672.

Tokyo: *Editorial* 8th Floor, Nikon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku, Tokyo. Fax: 245 0358. Tel: 03-241 2920/2959. *Advertising* Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku, Tokyo. Telex: J27104. Tel: 03-295 4050.

Washington: *Editorial* Room 504, 1341G Street North West, Washington DC 20005. Telex: 440340. Tel: 0202-347 4920.

For Share Index and Business News Summary, Telephone 246 8026 (number preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

Venture off to a villa

LET US not get too rhapsodic about villa holidays: they can, after all, be unpredictable. Finding your villa can be an adventure, *for a start. It's usually* dark; the kids and you are tired; the strange car you have rented appears to have an idiosyncratic gearbox; and every turn seems to look the same.

Last year, I thought I had cracked it by taking a little town house for a few days in an "urbanisation" on the coast of Spain. Surely here, with the neatly laid out roads, there would be no problems There were. The key I had been given was not the one for the house and, by the time we had got back to the reception office, the man in charge had disappeared into the local disco.

Temperamental plumbing, fascinating heating systems, spare pillows you don't find until the last day — all are part of the glorious adventure of self-catering. And, given the choice, I would rarely do anything else.

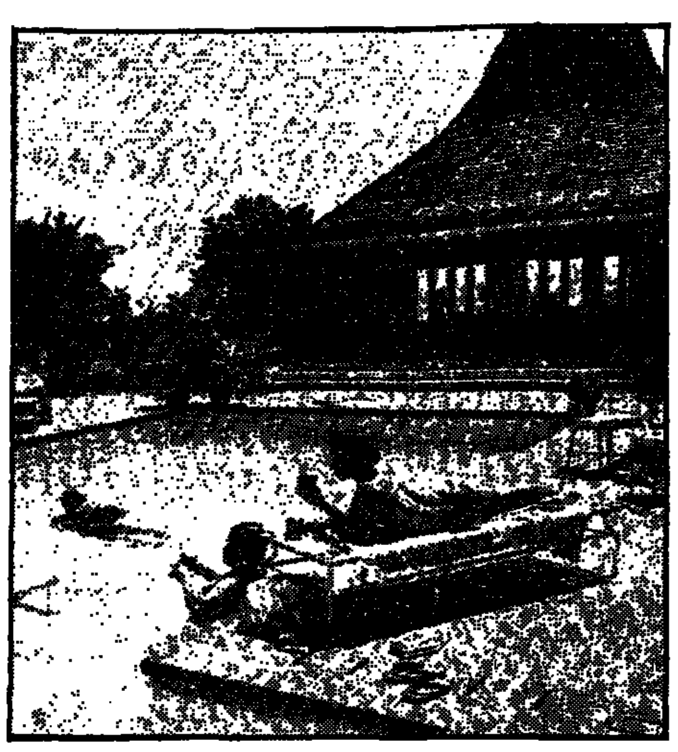
Telephones, where there are any, are a great source of delight. A lady in California a few months ago discovered I did not carry an ITT credit card *and threatened to call the sher*riff if I so much as touched the phones scattered all over the frontier-style furnished condo I was renting in the hills. By complete contrast, a phone in Portugal was boldly displayed, with accompanying honesty box. The owner eventually confessed to making a profit: "Everyone is so surprised to have a telephone that works, they always pay more than the call costs."

The adventures usually last only for the first hour or so. *After that, there is the wonder*ful pleasure of being on your own.

In winter, of course, you have to be a little more careful about where you rent. As this column noted last week, eternal sun*shine* does not start the moment you cross the Alps or the Pyrenees. In most European areas, you are going to need heating in the evenings, at least —check on what is available and how much it costs.

However, because you are at "home," you might feel less pressure to look for sunshine than you would in a hotel. Just pleasant weather is good enough. If that is the case, then I would commend some of the busier summer resort regions for your winter attention.

Majorca in the late winter or early spring, for example, is an absolute delight, all fresh and uncluttered before the summer rush. The Algarve, where the weather is a little warmer and the sea a great deal colder, returns to something of its old self. And there is Provence, where the evenings and nights *can be chilly (enough for frosts,* in some parts) but where, with luck, the days are soft and spring-like.


In Jamaica, holidaymakers can enjoy at reasonable prices the privacy of a home with swimming pool and staff

For real sunshine in the villa market you must head either south to the Canaries, or west, to the Caribbean or Florida. The Canaries clearly are nearer and cheaper, the Caribbean more colourful and sophisticated, and Florida probably (for what you get for your money) the best value.

But how about some examples. Well, two weeks in a one-bedroom apartment at the sports centre of La Manga—now owned by European Ferries and boasting two golf courses, tennis courts, riding and various other facilities—would cost *around £350 per person for two* weeks in February, including car hire (Falcon Holidays).

You would pay about £100 less for a one-bedroom apartment in a conventional Costa de Sol/Costa Blanca resort without the on-tap facilities. But also for about £350, you would get a really luxurious villa on the Algarve complete wtih private pool and a car during your stay.

All these examples include the flights; the prices come down considerably the larger your group becomes. For example, our luxury villa in the Algarve in February would, if large enough for six people, rent for £259 per person compared with £339 for two in a smaller property. Again, the prices include a car and, in this case, fuel for cooking and lighting but not for heating (Meon Holi*days*).

The depth of the English winter is high season in the Canaries, so prices tend to be somewhat higher, particularly for the better properties. On Lanzarote, our little apartment might cost between £290 and £345 for those February weeks and does not include car hire, which would be about £140 for a medium sized vehicle. Over the fortnight a fully fledged villa, with its own pool, would be more than £500, again with a substantial fall in the per-person price for more people.

As far as the Caribbean and the U.S. are concerned, the rates vary wildly, with the main cost being that of getting there. The easiest places in which to *rent are the Bahamas (yes, I* know that's not really the Caribbean), Florida and Jamaica.

Further information: Falcon Holidays, 190, Campden Hill Road, London, W8 7TH; Meon Holidays, Meon House, Petersfield, Hampshire, GU32 3JN; Lanzarote Villas, Springfield Road, Horsham, Sussex, RH12 2PJ. In your travel agent, ensure you also get the OSL brochure and those of as many companies as possible. Most villa agencies will try to sell you what they have left, not what you want, so be prepared to shop around.

Arthur Sandles

BRIEFS

WINTER-INN, a Yorkshire-based short break specialist, has introduced a series of self-drive cross-country ski holidays for the coming season. Various types of self-catering accommodation are offered in the French resort of Les Rousses, two kilometres from the Swiss border in the Jura mountains. The cheapest holiday is £81 and the most expensive £257, depending on accommodation and length of stay. These prices include ferry crossing and insurance.

●

ONE OF the best-known names at the de luxe end of the holiday market, Abercrombie and Kent, has joined forces with the Horse Trials Support Group to run a trip to the World Three-Day Event championships next May. These are to be held in Gawler, near Adelaide, Australia. The trip starts on May 16 *and the basic price is £1,037* (plus £134 for a single room) but travellers probably will also want a Gold Card ticket for the competition which costs £128. Various stopovers en route or holiday extensions are offered, plus up-grading to higher flight classes.

●

SUCH HAS been the demand from Britons for trips to the Rio carnival in recent years that specialist operator South American Travel has doubled its capacity for the February 1986 event. A 17-night package is offered with prices ranging upwards from £1,085.

●

FOUR MORE hotels have joined the British Tourist Authority's list of Commended properties. They are the Bryn Cregin Garden Hotel in Deganwy, Gwynedd; Morland Hall, Mary Tavy, Tavistock, Devon; the Riverside Hotel, Abersoch, Pwllheli, Gwynedd; and the Soar Mill Cove Hotel, near Salcombe, Devon.

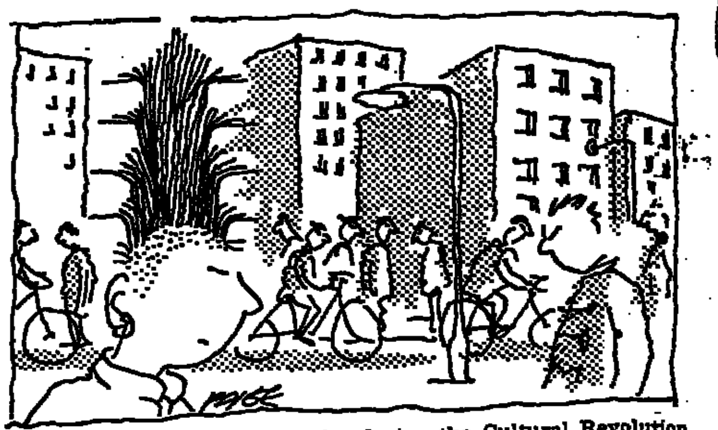
●

THE SAPPORO snow festival, the huge gathering held annually in northern Japan, takes place on February 5-9. Teams from at least 10 countries will be competing.

●

EUROPCAR is offering a special tariff for skiers this winter. If booked in advance, a car is guaranteed at fixed rates in local currency. Vehicles are prepared specially for the slopes, with snow tyres or chains and a ski roof rack. *Unlimited mileage is included.* The cars are available in Austria, France, Germany, Italy and Switzerland.

In China, hair is a burning issue



IF AN army can be judged by its boots, perhaps a nation can be gauged by its underwear—in which case China's outlook is blooming. Chinese bloomers traditionally are colourful, but in recent years they have been kept under wraps. Now, in the city of Shanghai, startling pinks and jazzy florals assault the eye from every washing line and loom through the transparent pleated skirts that have been all the rage this summer.

The brighter clothing demonstrates a cheerful revival in sartorial interest, in vivid contrast to the blues and greys that characterised clothing when I visited the city a year ago. Frilly ankle socks, patterned shirts and leather hot pants now grace the hotel discos and, in line with the new fashion consciousness, there is a boom in the beauty business.

New salons like the White Rose, the Shanghai and the Ruby are taking over where the Figaro, the Bond Street and the Vienna left off in the late Thirties. The newest, and certainly the swankiest, is the Ruby, a glittering red and gold parlour with Soviet-style chandeliers threatening to bring down the ceiling. The palatial *style peters out towards the* back, where dirty washbasins and primitive perming techniques do little to reassure the hygiene-conscious customer; but at the front the girls sit like birds in a gilded cage.

Opaque smoky-glass doors screen the interior from the street and all day long a crowd rotates outside, pressing curious noses against the doors, mouths agape in wonder. Inside, the atmosphere is somnolent; the staff, young women dressed in red uniforms and knee-length nylon socks, absent-mindedly scratch their thighs and gaze into the middle distance.

The determined customer can negotiate all the usual hair treatments—cut, set, perm and blow-dry with prehistoric hairdryer —or try the Ruby's star treatment, a facial massage with pearl cream. Invented in Shanghai, pearl cream is famous for its skin-rejuvenating properties.

The Ruby's facial lacks the finer points of the Western counterpart. The Beautician's spiky fingernails tend to get caught in your nostrils and the cream itself feels like a liberal coating of lard, but facial treatments are still in an infant stage in China. Hairdressing, however, has a more solid reputation behind it. The Nanking hair and beauty salon has been open since 1931 and boasts products supplied by the German company, Wella.

Men and women flock to the Nanking, which attends to 500 customers a day. At 1.70 yuen (43p) for shampoo and set and 6.50 (£1.65) for a perm, business is not too bad. No appointment is necessary: you just sit and wait—for hours. No one seems to mind. It is air-conditioned, the barber's chairs imported from Japan are comfortable, and the atmosphere is conducive to a good kip.

The Nanking survived the Cultural Revolution with only a temporary lull in actvity. One reason is because it boasts the services of China's leading make-up artist and "special master class hairdresser," Chang Sua Ming, who has done all the best heads including Mao Zedong's now-notorius widow and the wives of many government bigwigs. Nancy Reagan nearly became a client, too: she had heard of him in America and made an appointment but had to cancel at the last minute, he says.

Chinese hairdressing progresses along the lines of slash and burn. They chop with cut-throat razors and hairdriers belch fumes. On really busy days, the smell of singeing hair rises like bonfire smoke. For the most part, the lustrous locks of the Chinese are impervious to such poor treatment; but when things do go too far, there is nothing for it but to visit the Forever Young wig shop.

Factory accidents and alopecia caused by malnutrition ensured a profitable trade even during the Cultural Revolution. Other areas of the beauty business suffered a severe setback but now are trying to catch up. Production quotas have risen in the *cosmetic factories* and although methods are sadly outdated, there is a rush to produce a greater variety of goods, adding mascara and eye-shadow to the basic lipstick. Chinese women still do not wear much make-up by comparison with those in the West: their skin is plump and clear and needs little adornment. But the bright young things of Shanghai want to keep up with the times, and it seems they will stop at nothing.

Bound *feet are now* a thing of the past, although you can still see the after-effects on some old ladies, but new forms of disfigurement take place in the name of beauty. At the Shanghai Number Nine hospital they do a brisk trade in cosmetic surgery, remoulding breasts and noses and putting a crease in the Chinese eyelid to give the beauty-conscious girl (and boy) a "double eyelid" like a Caucasian.

Nicky Smith

Staying in Spain with the state

A MOTORING holiday in Spain aimed principally at its historic sights may be enhanced by a stay at the state-owned parador *hotels*.

These were started in 1929 and have been added to ever since, so there are now 75 on the Spanish mainland. They have been planned to provide comfortable, non-luxurious accom*modation and good food* in places where otherwise there is unlikely to be an hotel of any quality. They will not be found in Madrid or Barcelona or Sevill, though they exist within reach of these cities.

Carefully sited, they lie on the outskirts of towns, contributing to a welcome peacefulness after a day of sight-seeing in crowded, noisy, narrow-laned towns like Segovia and Toledo. The seven-year-old Segovia para*dor is built on a* hillside facing south across the valley to the ridge, on which the splendid cathedral and restored Alcazar stand. The Toledo looks north over the river Tagus to the high-perched cathedral of Spain's *premier see*.

Others are found in more rural areas. Jaen, for example, was formed within a mediaeval castle that crowns a hill overlooking miles of olive groves and cornfields. Santillana del *Mar is in a village convenient* for travellers by car ferry to and from Santander. Sta Domingo de la Calzada, built round a mediaeval hostel on the pilgrimage route to Santiago de Compostella, faces a tiny square *resembling a set for the first* scene of *The Barber of Seville*.

Whether ancient or modern, each parador has been appropriately furnished. Jaen, for example, has bedrooms with white plastered walls and *simple, comfortable beds*. Cordoba, on a hill overlooking the town, resembles a seaside grand hotel, and is suitably appointed.

The food in the paradors varies, but it may be described as good international mixed *with Spanish*. The wine lists are adequate, but the house Rioja from the Marqués de Caceres is satisfactory at 500 pesetas a bottle. The buffet breakfasts spread along the restaurants' walls can only be described as comprehensive. There is an almost universal price of 1,600 pesetas a head for dinner and 500 pesetas for breakfast.

Prices per double-room—all with bath—vary from 5,000 pesetas (£23) to 9,000 pesetas (£41) for Granada. But the average is 6,000 pesetas (£27), which, with dinner and breakfast for two, means an outlay of £50. In the high season, from July to the end of October, as well as Easter and Christmas, prices go up by 1,000 pesetas for a double room

English is spoken and written at the Central de Reservas de los Paradors de Espana, C/Velazquez, 25, Madrid 28001. All applications for accommodation should be made here, not *at the Spanish* Tourist Office in 57-58, St James's Street, SW1, although they will supply a list of prices of the paradors. Bookings in the more popular tourist centres should be made well in advance of the journey.

Edmund Penning-Rowsell

Concept cars steal the show

VISIONS OF the future make news at motor shows. Frankfurt had two scene stealers—Ford's Eltec (for Electronic Technology) and Austin Rover's MG EX-A.

Both are concept cars not intended for production, although containing ideas and techniques that will doubtless be seen in showroom models of the 1990s and beyond. The Eltec, looking remarkably like a high economy prototype BL showed three years ago, is a runner, powered by an experimental 1.3 litre engine. The MG EX-A is not, but Austin Rover says it was planned around a 24-valve V6 used in its World Rally Championship contender, the MG Metro 6R4.

Of the two, the Eltec must be rated the more down to earth. It has continuously variable transmission, air suspension, anti-lock brakes—and a stop-start, city centre fuel consumption likely to be around 50 mpg. The Uniroyal Impulse tyres (a new version of the ContiTyreSystem announced by Germany's largest tyre-maker two years ago) will run flat for several hundred miles and no spare is needed. Part of the underbody retracts to aid fuel economy, a technique first seen in Volvo's Concept Car of the Eighties about seven years ago.

Austin Rover says the MG EX-A is "compatible with possible future production" and "provides the basis for a potential competition car." The company speaks of a possible maximum speed of 170 mph and 0-100 km/h acceleration in less than five seconds. That kind of step-off from a standstill is possible only with four-wheel drive, which the MG EX-A has. The aluminium substructure is stuck together (as are aircraft nowadays) and is clad with self-coloured plastic panels (like Reliant's SS-1 sports two-seater).

Whether there will be any room for 170 mph super sports cars in the 1990s is a moot point; but if there is, Britain at least will have a toehold. So, full marks to Austin Rover for demonstrating that it has the creative ability and engineering talent to design a futuristic car like the MG EX-A.

Coming back to the present, Mercedes-Benz is consolidating its iron grip on the quality end of the market with yet more versions of the best-selling compact 190, including one with a six-cylinder, 2.6 litre engine somehow shoehorned under the bonnet. The large and prestigious S-Class saloons and the SL sports roadsters have been facelifted mechanically and cosmetically for 1986.

The 280 has been replaced by a 300, with the six-cylinder engine from the new mid-size car providing more performance. The 500 becomes the 560. Dropped into the S-Class saloon, a very large car by European standards, the 560 engine gives a top speed of 155 mph and a 0-62 mph acceleration time of 7.2 seconds. That, as I hope Austin Rover will excuse me for saying, is really motoring.

Supple Mazda

The new Mazda 323 hatchback with a 1.3 litre engine is so good you have almost to nit-pick to find fault. The LX 1300 5-door (pictured) ran in near-silence when I drove it in Portugal a few weeks ago on all kinds of roads, from cobblestoned byways to the concrete autostrada. Unlike many previous Japanese cars, this cross-engined, all-independently-suspensioned hatch rode with the suppleness and shock-absorbancy of a typical European car, and the back seats were as comfortable to be in as those in front.

Even the ventilation at its highest (fourth) speed setting was quiet and there are few cars of which that can be said. The tailgate opens down to bumper level but the folding back seat does not make a completely flat load platform. The trip mileage indicator is practically invisible but Mazda is on to this. Later cars will have white, not orange, figures.

Curiously, the 1.5 litre, 4-door GLX saloons I drove were less impressive. The 1.3 litre unit is over-square, with a bigger bore than stroke. The 1.5 litre engine's added capacity has been obtained by increasing the stroke, which might be the reason it is not so remarkably refined. The 5-speed gearboxes are of traditional Japanese excellence and the interior trim is neat in the LX models, quite luxurious in the GLX versions. Prices are from £4,794 (the 1.1 litre 3-door) to £6,499 for a 1.5 litre 5-door automatic.

Stylish Mercedes

The Mercedes-Benz mid-size cars that replace the 200 to 300 models are already a common sight on Germany's roads. They arrive in Britain next month and will make their debut at Motorfair at Earls Court from October 17 to 27.

It took Mercedes-Benz some years after the launch of the old 200 to 300 range to be persuaded to make an estate car version. When it appeared, it was an instant success. Emboldened, an estate developed from the new saloons was on show at Frankfurt and will reach Britain in late spring next year.

It is a handsome car (pictured) and will be available with a range of four, five or six cylinder petrol or diesel engines. The estate is an obvious candidate for the fully automatic four-wheel drive system I wrote about last week. Mercedes-Benz clearly thinks that deciding whether to have two- or four-wheel drive is something that cannot be left safely to all drivers. Microchips take over, first improving the traction of the rear wheels by restricting the differential's action, then by reducing torque to avert wheelspin and, finally, switching to front wheel drive. The gearbox is, of course, also automatic.

The estates will have automatic self-levelling suspension which lets them ride like saloon cars regardless of the load.

By the time the Mercedes-Benz estates arrive in Britain, Volvo will have made its mark with estate versions of the 760 saloon. These cars, seen publicly for the first time at Frankfurt, are really rather elegant. The oddest styling feature of the 760 saloon—the near vertical back window dropping on to a container-like boot—is eliminated. The result is one of the best looking cars Volvo has made.

Stuart Marshall

Starting from scratch: parachuting

"From terror to ecstasy in three seconds"

On a wing and a prayer

MANY people regard parachuting as a suicidal activity. It certainly is risky, as any sensible instructor will repeatedly emphasise to the first-time jumper. The statistics, however, are rather more reassuring. From 245,000 jumps recorded by the British Parachuting Association last year, there were three deaths and 292 injuries serious enough to keep the victims off the sport for more than three weeks.

David Parker, chief instructor at the Headcorn Parachute Club in Kent — the biggest in Britain — estimates that, on average, one in 250 people can expect to end up *in* hospital after their first jump. He points out that the few deaths *invariably* are *among* experienced free-fallers who, of course, take greater risks.

Even with those figures in mind, I felt extremely apprehensive on arriving for a two-day novice course at Headcorn early one Saturday morning. The butterflies settled a little after the first few lectures, which made it clear that the construction of a static line parachute makes it impossible — beyond the most malicious freak of fate — for the canopy not to open.

It was soon explained that the most important key to a safe jump is not so much what happens in the air as how you hit the ground. The key to that is to land with both legs pressed firmly together, with knees slightly bent, before rolling over to break the fall. In that position, your legs will be three times as strong as they would when held apart.

Nevertheless, an afternoon of practice rolls off four-foot ramps left me covered in bruises. My knees kept coming mysteriously apart in mid-jump so that they slammed together again on land*ing, producing a painful illus*tration of the instructors' message.

After several lectures on safety drills, how to steer parachutes, and more of those *dreadful ramp jumps. I and the* 43 others on the course were considered ready to parachute by early the next morning. It was dawn when I brought my butterflies back to Headcorn, but a strong breeze meant we had a long wait for safer weather.

One possible disadvantage when doing a novices' course is that it is very likely you will have to wait for hours between finishing your training and making the first jump. Moreover, there is no guarantee that the weather will allow you to jump on the weekend of your course.

*Indeed, it was not until sun*set that the wind had fallen to the 10 mph maximum *allowed for first-time jumps.* Despite all that training, I felt acutely nervous on getting kitted-up and clambering into the twin-engined aircraft's cramped hold. By chance, that lift included six *more-experi*enced parachutists, whose air of calm came as a comfort.

As the aircraft roared off into the chilly air, I mentally rehearsed the drill that had been drummed into me. The drop would be at a carefully calculated distance upwind of the landing zone so that, all things being equal, *I should simply* be able to drift onto it without straying over any nearby woods.

After a few seconds, the instructor — or jumpmaster, in parachuting jargon — lifted *two fingers to indicate we had* reached 200 ft, the height at which it is necessary to prepare to land on the way down.

At 2,000 ft, I watched the others edge themselves at intervals through the open door; their outspread fingers reflecting red in the aircraft's underbelly light as they vanished over the side of the hold. My turn came. With legs swinging in the slipstream and fingers curled over the edges of the door, I waited for the command and pushed off.

As instructed, I counted "one thousand, two thousand, three thousand" until a hefty—but not uncomfortable—jerk made me catch my breath. Looking up, I could see that the 35-foot square *U.S. Air Force surplus* parachute had blossomed into a luminous olive green circle; a *sight that provoked an indecrib*able feeliing of elation. Experienced parachutists report they *still get this thrill after* hundreds of jumps.

A firm pull on one steering *toggle* pulled *me* round *in* a graceful circle towards the sun, which was setting on the horizon in a spectacular blaze of orange and purple. After the racket of the aircraft engines, the silence was blissful—and there could be no better way to view an early autumn sunset over Kent.

Pulling round again, I faced the 38-acre dropping zone, marked on the ground by a big white arrow pointing into the wind. It looked as if it was approaching too fast, so I pulled the parachute back into the wind with anothe tug on the toggle.

Novice-style parachutes move forwards at 5 mph in still conditions, propelled by two large *slots* cut into the back of the canopy. Two smaller windows next to the drive slots are attached to the steering toggles on cords running down the parachute lines. A pull on the right-hand toggle squeezes the right hand steering window out of shape, with the result that the parachute steers to the right. Turn straight into the wind, as indicated by the arrow on the drop zone, and your speed over the ground should go down.

Sure enough, the parachute turned into the wind as requested—although the breeze in my face made it feel con*fusingly as if I was going faster* over the ground, not slower. Looking down, I could see that I was floating over the runway, with the toes of my boots silhouetted over 20 or so increasingly larger aircraft parked on the airfield.

A turn away from the wind allowed the parachute to swing away from the runway and pass—thank goodness—over the dropping zone fence. It looked like roughly 200 ft to the grass, so I swung back into the wind to decrease ground speed, clamped my legs together until the bruises began to ache and braced myself for the bump, which came only a little harder than the shock of jumping off those ramps.

It had been a weak, if not downright clumsy, exit from the aircraft, so the jumpmaster told *me on my return to the club* building, but at least I had landed in the right place. In *addition, I found this thrilling* experience well worth the hours of waiting and I had overcome by nervousness about jumping out of aeroplanes. As one member of the course summed it up, parachuting takes you "from terror to ecstasy in three seconds."

Costs

THE BIG attraction of parachuting is that it is a relatively cheap way of doing something adventurous not too far from home. As such, it is among the fastest growing sports in Britain. The British Parachuting Association has seen its membership grow from 16,000 to 50,740 in *the past seven years. More* than 45,000 people experienced their first jump last year and another 5,000 are regular jumpers.

With a dozen full-time clubs around the country, plus *about 60 weekend parachuting* centres, few people have to travel far to experience the thrills of leaping out of aeroplanes.

Nobody can jump in Britain without becoming a member of the BPA, the sport's governing body. Once-only student jumpers pay *£2.20 for temporary* membership. That is usually included in training fees, ranging *from £50 to £90 for the first* jump.

Training for further jumps is free, although you do have to join the BPA full-time and pay for airlifts, varying from £3.50 to £10 depending on altitude. The BPA's £21 annual subscription entitles you to £500,000 of third party insurance and a subscription to Sports Parachutist, the association's bi-monthly *glossy magazine.* You also have to join a club. Some have no subscription but better equipped organisations in the South can charge up to £15 a year.

Equipment is so expensive that there is no point in buying your own until you are experienced enough to know whether parachuting is really for you and can choose what is best for your needs. *A complete* set of gear—main and reserve parachutes, goggles, helmet, boots, alti*meter, pack and harness*—will cost anything from £600 second-hand to £2,000 new.

***First-timers' course fees* include equipment hire. Kit can be hired for subsequent jumps at a nominal charge of up to £1 daily.**

A wide range of parachute designs is available, from a simple round conical affair used by novices to the so-called "ram air"—a sophisticated retangular parachute shaped like a cross between an inflatable mattress and an aerofoil. *Ram airs are highly* manoeuvreable and can even be persuaded to go up in *strong thermals.*

John Hitchen, national coach and safety officer for *the BPA, advises people not* to buy their own equipment until they have passed the *BPA's standard known as* Category 8. At that level, achieved on average after 50 to 100 jumps, you will have proved to an instructor that you can free-fall, manoeuvre accurately through the air, and hook up with another jumper so that the two fall as one.

You do not need to be outstandingly fit to take part in this exciting sport. However, anybody aged more than 40 will need a declaration of fitness signed by a doctor, and nobody over 15 *stone* or more than 50 years old will be accepted for parachute *training.*

William Dawkins

Archaeology

Time to make a clean sweep

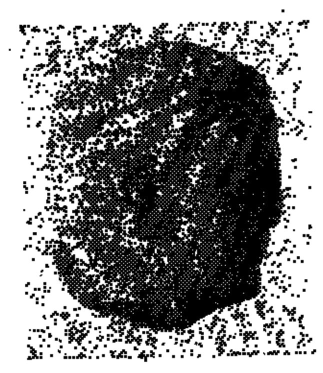
THE PAST few days we have been sweeping and sweeping and sweeping at Maroni. We have cleared several rooms in its grand public building of the 13th century BC, and have found more debris from bronze-working, more limestone statuettes, more pieces of imported *Mycenaean pottery, and bronze* bracelets and knives.

Cleaning is always part of the routine of excavation. It is most demanding—and tedious—when it comes to the final photographs of the season for the different trenches, but it is just as necessary in the everyday digging. The pickman must have a clear working face, to see what he is doing. He gives a blow with the pick and pulls the earth back, and then it will be shovelled out.

Ideally, there should be no loose earth and the trench should be as clean as an operating theatre or a dissecting laboratory—which, in a sense, is what it is. If we still have problems in finding a floor or defining where a pit cuts, we *will sweep it very carefully* and perhaps spray it with a garden spray, in case the feature shows when the earth has been wetted. It often does.

Final photography is like a military inspection; cleaning for it is as relentless as the dust of the Mediterranean. We sweep first with the hard broom and then with the soft broom and finally dust with paint brushes. Most of the workmen are not so good as the few women we have. They do not sweep with such vigour, and then tend to *leave a smear of dust—which* is worse than having piles of uncollected earth. Some walk *over—or sweep* so that the wind takes the dust over—what others have just swept. The women are organised and pertinacious.

The wind is always a bogey when we are photographing. It gets up now around midday, which allows three hours of sweeping—quite enough of this undivine drudgery—and two of photographing, as we start work at six o'clock. We must finish before the wind comes, as it will dirty the trenches again and make it quite precarious for the director photographing from a tall stepladder.



Statuette of a worshipper from the Archaic-Hellenistic shrine at Maroni

Two hours up the ladder is also enough. It is hard work: concentrating on getting apertures, speeds and lenses right,

Here is another report *from our Archaeology* Correspondent, who has *been overseeing new* excavations at Maroni *in south-east Cyprus.*

asking somebody below to move the scale to appear at right angles in the pictures, looking *for tools* or earth that have been left or labels that are askew—and not falling off.

I take all the trench photographs myself as I cannot be sure that anybody else up the ladder will show precisely what is wanted. Photographs of the objects are taken by a much more experienced amateur photographer, Major Douglas Kuylenstierna, late of the Swedish Air Force, who will be coming with his light-box next week.

Our haul of work for him has increased since we decided to straighten up part of the site, and found more heads of limestone statuettes of men and women to add to the fifty we had from our first two seasons. They represent worshippers at the archaic classical and Helenistic shrine which succeeded our grand Bronze Age building *after a gap of 600* years or more. Some of them hold birds or ears of corn. The shrine was probably to the goddess Demeter.

A bronze bracelet, and probable fragments of others, are more surprising finds. They are probably worshippers' offerings, but there is just a chance that they belong to the original Bronze Age *use of the building* in the 13th century BC. The hint is that, nearby, we have found the best evidence of bronzeworking clearly of the Bronze Age. (Bronze was still used widely in the Iron Age).

We have had droplets from pouring the hot metal, and casting debris, before. Now we have found more, close to where the bracelets were, and knife fragments, and a lump of debris with bronze, iron and charcoal concentrated together. Beside the lump was a Cypriot bowl typical of the Late Bronze Age. The iron is not surprising, as there is rather a high propor*tion of it in native Cypriot* copper. It need not mean iron-working at Maroni at the same time as the bronzeworking; but if analysis in the laboratory later shows that this really was the case, then it would be exciting evidence for the transition from bronze to iron.

Enough of the grand building has now been cleared to give us all of one side—about 30 metres long—and a sequence of five rooms, including the room with the oldest olive press in Cyprus. These have clay floors, but there is little on the floors: the inhabitants must have been keen housekeepers, or else taken their valuables with them when the place was abandoned in about 1200 BC. The clay floors have irregular pieces of mud-brick set in them, as if to make a crazy paving.

There are some Mycenaean sherds, and a *few from Minoan* Crete, around the building: an interesting find. On the whole *they are about* a hundred years earlier than the building, and we find them near robbed tombs, which may well be where they have come from. The Late Bronze Age Cypriots liked to be buried with Aegean pottery.

Our tombs are usually beside walls, and all save one have been robbed. In fact, this season has made it clear that they have been robbed twice. The pits leading down to them start just below the plough soil, which means that they are recent—say of the last century.

Hopes are *high* as we *start* to dig out a pit and then see that it is going to be a tomb and not *just* a *pit* for planting a tree. The robbers might have left something behind. But they have not—not yet, at any rate. Instead we find the foundations of the walls of the grand building going right down to the floors of the tombs.

The people who robbed the tombs must have been the builders of the building: and the Mycenaean sherds that we find near the tombs are what they dropped. *And that is why they* are older than the building.

Centuries later, the ground *might* have sunk where the tombs had been, which would have led the villagers to investigate. *This* is presumably what happened in the 19th century, and what led the British Museum expedition to our site in 1897, where they would have been guided by the great-grandfathers of our workforce.

So we are the third group to come upon the tombs. Luckily, the Mycenaean and Minoan pottery is so recognisable that even tiny scraps can give information about date, shape, and use. Otherwise, we can *see* the plan of the tombs, and how skilled and determined the 13th century *builders of the grand* building were when they put foundations more than two metres *deep into the 14th* century tombs they had robbed.

Gerald Cadogan

Censorship

Books that were too hot to handle

THE FIRST book to be publicly burned in England was *Histriomastix, or The Player's Scourge,* 1633, by William Prynne. *The last was* the anonymous *Present Crisis with Regard to America Considered* of 1775. *Proposals to* revive the custom have been made from time to time since; *so far without success.*

Samuel Pepys had a good view in May 1661 when the incoming royalists ceremonially destroyed the documents that had established England as a republic. "With Mr Sheply to the Exchange about business and there, by Mr Rawlinson's favour, got into a balcone over against the Exchange and saw the hangman burn by Vote of Parliament two old Acts, the one for constituting us a Commonwealth, and the other I have forgot."

The authorities would have been delighted at the last remark. Burning is intended not only to destroy books but to help slow down the spread of ideas. It was therefore rather an own goal when, *shortly* afterwards, the loyalist University of Oxford zealously published a convenient *list of the 27 damn*able doctrines, any one of which required a book to be instantly consigned to *the flames.* Top of the list was the suggestion that governments derive their authority from the people, not the other way round.

Burning books grew naturally out of burning authors. With authors went translators, editors, journalists and printers—all frequently burnt along with their books. *The long-run* trend was, however, towards softer penalties. In 1619 a barrister called John Williams was hanged, drawn and quartered for sending two amusing *satirical poems* to King James I. Prynne, whose book came up before the Star Chamber, got *off a few years* later with a £5,000 fine, the cutting off of both his ears, branding on both cheeks and life imprisonment. By 1702 when Daniel Defoe's ironical *Shortest Way with the Dissenters* was sent for burning, mutilation of the author was no longer included with the imprisonment and fine.

He did stand in the pillory for three days to be pelted by conformists, however, a type of punishment which often had the same effect and which was not finally abandoned until the reign of Victoria.

Book collectors of a Whiggish turn of mind used to enjoy assembling the rare volumes which had enjoyed the ultimate *succes de scaladale.* One collector who wrote to "Notes and Queries" in 1854 had a scorched copy of Molyneaux's *Case for Ireland* of 1698 *which* he believed had actually been rescued from the hangman's flames. In *the 19th century, such libraries* were veritable museums of the march of human progress.

An interesting *monograph* by J. A. Farrer published in 1892 called *Books Condemned to be Burnt traced the history of* burning in the UK. Earlier, the Frenchman Peignot had compiled a *dictionary,* in two volumes, of the principal books condemned to the flames in France. This work was intended, he said, as a contribution to the history of error; whether he meant the burners or the burned was not made clear.

The list of authors whose works were sent for burning in Paris in the years before the French Revolution is a roll call of the greatest philosophers of the European Enlightenment—Hume, Montesquieu, Diderot, Rousseau. As for the irrepressible Voltaire, Peignot had listed 37 books and 27 lesser *works* which were publicly burned, before he gave up counting. Copies of such books smuggled in from abroad or *pirated at home* in defiance of the censor normally carry a false imprint. Constantinople was a cheeky favourite, implying that there was more liberty under the Ottoman Sultan than under King Louis.

Censorship is not easy. Ideas are more difficult to control than people, especially when they have been around for a long time. There is nothing like a good burning to stimulate demand. When Hobb's *Leviathan* was condemned, Pepy's immediately rushed to obtain a copy.

The price had risen from eight shillings to thirty because everybody wanted to read it.

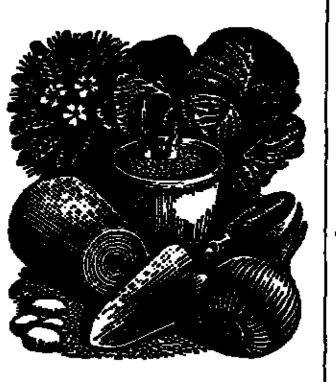
The Netherlands developed a prosperous publishing industry to cater for the needs of less liberal surrounding countries. It is easy to go too far. In the 19th century the Bavarian Government looked a trifle foolish when it condemned, among many other authors, Spinoza, Kant, Erasmus, Swift, Schiller, Ovid, Virgil, Plato, and Homer's *Iliad.* Why the *Odyssey* got through is not known.

Over the centuries many minds have struggled with the problem; the literature on how and when to destroy books is extensive. The authors of such works often seek sympathy and understanding for their difficult task. In the ideas industry, however, prime producers have generally run more risks than the workers in the secondary service sector.

William St Clair

Dallying with daffodils

Gardening



LAST YEAR, at about this time, *I purchased daffodils* on a "fill a bag" basis. The bulbs were in big net sacks; you *picked out your own and stuffed* as many as you could into bags which had the price on them according to their size. It seemed an excellent idea.

This same idea is being used to publicise *daffodils again* this year and some very nice varieties are on offer. Among *trumpet daffodils, Mount Hood* is one of the most reliable of all white daffodils for garden display and cut flower; Dutch Master, Golden Harvest and Unsurpassable are three very large flowered yellow daffodils and old King Alfred is smaller but very shapely. I would plant any of these gladly if the bulb *quality were good and the price* right—and one of the advantages of the "fill a bag" *system* is that you can pick and choose the bulbs, testing each for firmness and weight, with out the least embarrassment.

Looking at the cup narcissi likely to be on offer, I see that *the choice is even wider. Among* large cupped varieties there is Carlton, my favourite all-*yellow narcissus;* Ice Follies, another I like very much for its distinctive mixture of white and primrose with a crimped cup; Sempre Avanti, one of the best varieties for naturalising in grass and a brillian contrast between aronge and creamy white; and Carbineer, which offers the stronger mixture of yellow and orange red.

Fortune is also available, for many years the favourite *orange and yellow narcissus for* cutting, and also those three very brilliant small cupped narcissi, Barret Browning, Verger and Birma, the first two white and range-red, the third yellow and red. For garden display these are as good as any you can buy.

So are Golden Ducat and White Lion, *bi double-flowered* daffodils respectively all yellow and white, with a flush of orange in the heart of the bloom. I know of no better multi-flowered or Poetaz *narcissi than Geranium,* with small but numerous white and orange-red flowers; Cheerful*ness* double-flowered and white, and Yellow Cheerfulness which is similar but pale yellow. All make excellent cut flowers, and also look well in pots .

What more could you want? *Even if you cannot find any* shop, garden centre or nursery offering these on a "fill a bag" basis, they are varieties worth buying, and all are in plentiful supply.

I cannot see that anyone is offering tulips in the same way. The lists af varieties available for ordinary marketing seem to be getting shorter; no bad thing, since at one time they were becoming very confusing. Good May flowering varieties that should be easy to find are Apeldoorn, as bright a red as *you could wish; its yellow sport* Golden Apeldoorn; Mrs John T. Sheepers, another yellow, and the salmon pink Elizabeth Arden.

My favourite pink Lily-flowered tulip, Mariette, is absent from the lists I have received so far, but pink-and-white China Pink is on offer, and so is White Triumphator, with long reflexing white petals, Queen of Sheba, a very showy *tulip* with red flowers edged with gold, and West Point, all yellow and very elegant.

There are also plenty of species hybrids about. The very fine Tulipa fosteriana hybrid Purissima has pure white flowers; the T. greigii hybrids are Plaisir, creamy white and red; Red Riding Hood, scarclet, and the T. kaufmanniana hybrid is Heart's Delight, pale pink and bright red. There is also the *form* of T. kaufmanniana known as The First, because it is one of the first to open.

This can be a disadvantage: the weather in March tends to be wetter and colder than in April but in a sunny, well-drained rock garden the first is a tulip that can do well. It suits such a situation; its stems are short and its pink and yellow flowers open out widely only a fe winches above the soil.

Another early tulip that I like is Fusilier, a selection from *the wild Tulipa praestans which* is notable for having branched stems, each bearing several scarclet flowers. Fusilier grows well, multiplies rapidly, and is another that should be easy to buy. If not, Tubergen's Variety is very like it.

Arthur Hellyer

Collecting

Clothes for the thin at heart

"SHORT, FLAT, geometrical and quadrangular. Feminine wear is fixed along the line of the parallelogram," wrote Colette in *Vogue* in the 1920s. She went on to observe that "1925 shall not see the come-back of soft curves. The fantasy and exotica of clothes from the leading art *deco designers of* the period—Paul Poiret, Fortuny, Erté—allowed no room for extra avoirdupois.

Sumptuous fabrics were used in startling and unusual com*binations.* Lamé was overlaid with metallic lace and hand-beaded; while velvet encrusted with jet; crêpe de chine outlined with embroidery; and silk was appliqued and studded with pearls.

In 1925 one of *Vogue's* star artists, Benito, portrayed the typical, flat-chested Bright Young Thing in what was aclaimed as the newest turn in modernistic art, dress-painting. *A clinging evening gown of* silver gauze, with long, close-fitting sleeves, in a dazzling geometric pattern, was "exquisite with its design in tones of lacquer-red, grey and black, painted by Dunand, one of the best known of the modern artists.

These striking clothes, accessories and materials are coming back into their own as works of art. Collectors, interior decorators and museums are snapping them up.

Some of the pieces are documented in a colourful new book, *A Fashion For Extravagance—Art Deco Fabrics and Fashions* (Bell & Hyman, £12.95), by Sara Bowman. Complementing it is an exhibition by the same name, at *Alyson and Lionel* Segal's Gallery of Antique Costume and Textiles, Church Street, London, NW8. It shows until October 5.

Sara Bowman, a lecturer on *fashion design at the North* East London Polytechnic, came across a treasure trove of wonderful embroideries in Paris about 10 years ago. They came from the famous La Maison Lallemont, founded in 1898, which closed in 1950. Stored in cardboard boxes was a unique collection of sumptuous *embroideries and sample books,* of the type used by top courturiers such as Worth, Callot Soeurs, Doucet and Chanel.

A fabulous dress length made for Poiret, intricate embroidery on gold and silver brocade, hand-beaded with pearls and coloured glass stones, probably took several weeks to bead.

Many of the original working scrapbooks, drawings, dresses, hats and handbags are on show at the gallery, together with some of the gallery's own stock which can be bought.

Poiret models in Poiret designs, 1911

A 1927 strawberry pink chif*fon and metallic gold* thread dress with scallops of sequins at waist and dipping hem-line, and a high-necked yellow silk velvet tubular slip, with a silver beaded tunic, made in about 1925, could still be worn.

Even more dramatic are a "Nile-style" silk crepe dress with flapper-fringes, and a tunic in the style of Martine, Poiret's daughter, in vivid sun-ray pinks and yellows.

Prices for the dresses are not cheap; between £150 and £600. Beautifully flashy gilt "chain-mail" jackets are £90 upwards; rich trimmings of ribbon and gold thread, from £2 a metre. A black velvet silk-lined evening cape with high, ruched, embroidered stand-up collar, looks as if it came straight out of the pages of *La Gazette du Bon Ton, an influential* magazine of the period. It seems a good buy at £60. Cloche hats, cigarette holders, *ostrich* feathers, long pearl-buttoned gloves, beaded bags and belts, and clusters of silk and ribbon flowers are all highly collectable.

The gallery searches out stock all over the country. Maker's tags help in research, but often it is a question of leafing through magazines of the period to trace the origins of the clothes.

June Field

Sonia Rykiel's lambswool ribbed skirt (£100), sweater (£135) and matching beret (£54)

Graphic chic

If, like me, the idea of taking up needles and battling with the intracacies of knit one, purl one, is enough to make you pale, then Sonia Rykiel—for a price—offers some chic alternatives. Her new collection of knitwear, *code-named* Graphics, *may* seem expensive but her declared intention is *to* offer her exclusive style at prices affordable by the "modern girl wishing to wear a designer look." (When it comes to prices the average girl can afford Miss Rykiel may not be exactly au fait; but when it comes to style she is bang on target.)

The collection is simple, elegant and eminently wearable. It features those famous soft knitted cropped trousers, long granny-like skirts, long baggy sweaters, slim, neat cardigans. Much of the collection mixes and matches, and there are some exceedingly smart berets, scarves, gloves, and socks to match.

Cherry Red, Gitane Blue, Parisian Grey, Russian Black, *China White,* Sandy Beige and Sunflower Yellow (in fashion *parlance colours are never* plain and simple, always gloriously defined) are the colours round which the collection is all planned. Prices range between £80 and £135, and for the moment you can buy any or all of the collection at Browns, South Moulton Street, London *W1;* Harvey Nichols of Knightsbridge, London SW3.; *The Clothes Shop,* Weybridge; Coryphee, Broadway, Worcestershire; Arana of Colchester. and Harpers, Station Road, Edgware.

Patterns in fashion for a warm winter of content

Knit one, purl one...

Lucia van der Post

HOW TO SPEND IT

YOU CAN tell it is autumn by *the deluge of literature designed* to keep idle fingers out of *trouble busy with needle and* thread or grappling with ribs and stocking stitch. Come September, and it is evidently open season for the knitters, the embroiderers and the dressmakers of this world.

The hand-crafted look has swept the knitwear and fashion worlds, and it could hardly be a more appropriate time for those who have a taste and a *gift for craft skills* to apply themselves to the task—it makes much more sense to make *them honestly* and cheaply at home rather than pay large *sums to manufacturers for* cleverly imitating the hand-*made look in knitwear factories.*

Probably the most stunning of this autumn's haul of books is Kaffe Fassett's first, on knitting. Anybody who has ever seen a Kaffe Fassett design will know that he is more than just a knitter and a designer; his way with colour, pattern and texture is entirely original. Almost everybody who sees a *Kaffe Fassett design can* scarcely wait to own one. He himself learned to knit some 20 years ago, when he fell in love with the colours of some knitting yarns he saw at Holm Mills in Inverness. He was so *entranced that* he put away his painting for five years and got *clicking with the needles* instead.

With the publication of Glorious Knitting (£14.95, Century Publishing) the ardent knitter can now choose between 30 different original Fassett patterns. Be *warned, though—* Kaffe Fassett does not believe *in formalised knitting patterns,* so they are not suitable for complete beginners.

All the patterns give quantities of wool, colours, sizes of needles and a graph; and since they all use just one simple stitch (*intricacy and decorative* effect are achieved entirely *through his magical sense of* colour) they aren't quite as difficult as they sound.

Most of the shapes are strong and basic—lovely roomy jackets, blousons, cardigans and simple sweaters—but the end effect is intricate and bewitching. Most of the yarns are from Rowan *Mills, which have coloured* many of them specially for him. For *anybody who is looking for* inspiration and is bored with standard patterns, this is the book. Seventeen of the patterns will be available in kit form. Most good wool shops will sell the kits but if you have trouble finding a local stockist, contact Rowan Yarns at Green Lane Mill, Washpit, Holmfirth, *Huddersfield. (Tel: 0484 686714/*

•

You could not go far wrong with Good Housekeeping's collection of 30 designs, all presented in detail in its large format paperback, *Knitting in Style* (£5.95, Pan Books).

All the patterns in the book were specially commissioned from designers like Debbie *Bliss,* Louise *Parsons,* Tina Clark and others and they *certainly run the gamut of today's* fashionable look. Choose from a *lean, spare, sleeveless* linen number, or a V-necked cable sweater redolent of an afternoon at Lord's. The really skilled may decide that it makes more sense to knit the kind of design that is most expensive to *buy—that is, the large,* intricately patterned jacket, or the finely detailed Fair Isle.

All the patterns are shown photographed in full colour and precise instructions follow. 30 patterns *for* £5.95 seem like *good* value for *money.*

•

If classic knitwear is more your line, then perhaps you should wait for Marion Foale's Classic Knitwear, to be published on October 19 (£9.95, Pelham Books). *She,* too offers some 30 different patterns: the *tone of the book is much more* nostalgic and "simple" than the other two. Anybody, though, who has wilted at the prices of plain but modish sweaters in some of our smartest knitwear shops will find almost line-for-line patterns of how to Do-it-Yourself. The designs labelled "Hockey" and "*Beth*" *in* particular are just what the up-*market boutiques are selling.* All Marion Foale's designs are plain—*that* is, in one colour only and pattern is achieved through variations of stitch alone. A very classy collection.

•

If needlepoint is your interest then Anna Pearson, who for years has run one of the best needlework schools in the country, and marketed a *succession* of delectable kits has produced a book called simply *Needlepoint.* (£3.99, Orbis Publishing). It is beautifully and lucidly illustrated, and anybody who has ever wondered just precisely how to do a given stitch need wonder no more — here it is, drawn and described in language simple enough for even the rawest recruit to understand. There are lots of charming designs, ideas, and presents to inspire you, too. A book for beginners or experts.

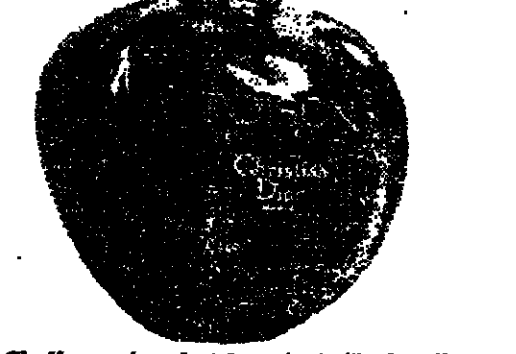
Anybody who still feels they would like personal instruction or who would like to explore the craft further might like to know that Anna Pearson will be running a "needlepoint retreat" at the Miller Howe *Hotel, Windermere, Cumbria,* from November 24th-28th. All standards of skill will be welcome; everybody will be supervised personally; and if you would like to book, write to Anna Pearson Design, 25, Kildare Terrace, London W.2. Price for the weekend will be £325 *a head (with six hours* of teaching each day, one cookery demonstration, and all food, including a five-course dinner with wine). Her London courses will be running through the autumn so write *to the same address for those.*

•

Readers who live in or near Cheshire might like to know *that there are two fine knitting* and embroidery shops in their *area. Hepatica has two* branches: one at 16, Church Road, Cheadle Hulme, Cheadle; another at 82a Water Lane, Wilmslow. The Cheadle Hulme shop specialises in wool, yarns, knitting, sewing, anl other craft materials, whilst the Wilmslow branch is the needlework and *embroidery centre.*

Both shops are relatively new. *Pat White, the owner, not only* commissions exclusive designs (like the designer knits from Jackie Needham); she also stocks a huge range of kits and interesting yarns in the wool shop, and threads, kits, tapestries and canvasses in the embroidery shop.

Pat White runs a very efficient mail-order service, so anybody who has trouble finding any of the specialist yarns, threads or equipment should send a sae to Pat White, *Hepatica,* 82a, Water *Lane,* Wilmslow, Cheshire SK9 5BB.



Challenge in a bottle: Dior's "Poison"

Whiff of danger from Dior

IF THERE is one thing the world seems to have in plenty, *it is fine scents and fragrances.* Yet still the beauty houses and *the dress firms feel they must* give us more. From Dior and Yves St Laurent, to Laura Ashley and Marks and Spencer, anyone with a "name" to sell seems to feel obliged to attach it to a fragrance (you and I may prefer to call it scent but the trade uses "fragrance" to *cover the gamut of all things* sweet and smelly.)

The fragrance business is booming. Last year, 56 new ones for women were launched (see how many you can remember!). It is as much a fashion business as clothes. The grand old classics like L'Heure Bleu *and Miss Dior, Chanel No 5 and* Joy, are the cashmere and tweeds, the silks and pearls of the fragrance world: they have the stamina, the style and the class to hold their own in any company.

But just as nobody wants a wardrobe full of nothing but *classics, so it is with fragrance.* Women want some fun and wit *as* well—this is where the new generation of fragrances comes in.

Today's woman likes a wardrobe of different fragrances with something sporty and crisp for out-of-doors; light and fresh for summer; spicy and Oriental for when she's feeling *bad or langorous and romantic* for when she's all dressed up *with somewhere to go.*

Women have learned about scent. They know it doesn't keep for long so they don't go in for cautious little dabs behind the ears and on the wrists. Now, its great big *dollops applied* "wherever you think you are likely to be kissed," as one fashion pundit so memorably advised.

For those who haven't found one, true perfume, this autumn *is the time to go experimenting.* The choice of new, exciting scents has never been greater and the counters have never looked more tempting.

There are several moods of scent from which to choose. Most notable, probably, is the big swing towards classic, nos*talgic perfume that goes hand-*in-hand with the romantic, bejewelled and brocaded look that the fashion designers are giving us for winter. Some of the biggest names in the business are putting all their prestige *and historic clout behind* their launches.

Helena Rubinstein kicked off earlier in the year with Barynia —rich, glamorous and heady, a truly sophisticated scent. For this autumn we have Coco, *from the grand old house of* Chanel. It is hard to imagine that any scent will ever again repeat the historic success of Chanel No 5 (launched in 1921, it remains the most successful French fragrance in the world); but already Coco's sensuous mix of flowers, fruits and spices is proving a big hit.

Harrods—with a new, enlarged department opening in November—finds Patou's collection of 12 of his greatest fragrances is creating a lot of interest. Each of the 12 in Ma Collection harks back to some historic event (Vacances, for instance, *celebrated the first paid holi*days in France). For years the Patou fragrances had dropped from sight—now, they are very much in the contemporary mood.

Luxury is in, too—Caron will be selling (in Harrods) eight different perfumes from the past, all decanted from Baccarat decanters into different sizes of bottles that are sealed, boxed and labelled for the customer on the spot.

Over at Harvey Nichols, Giorgio, a heavy floral scent from the Giorgio clothes boutique in Beverly Hills, has been the hit of the year, outselling every other perfume in the department from day one. Not surprisingly, Beryl Lake, the perfumery buyer, describes her coup in getting it exclusively for nine months as "the highlight of my career." And it is a lovely fragrance, despite the off-putting overtones of Hollywood hype.

Also coming up between now and Christmas are some new fragrances backed by contemporary designers. There is Ruffles from Oscar de la Renta, Diva by Ungaro, and Rare by Jacomo (devotees of Silence will remember the name well). But *the biggest ripples of all are* being spread by Dior's Poison. *The first new scent from this* dignified house since 1979 (when Dioressence was launched), it heralds (in the view of experts) a whole new breed of scents. They liken it to the advent of St Laurent's Opium which, when launched in 1978, became the most successful and talked-about fragrance of the decade. In its wake came a whole wave of exotic Oriental scents (Cinnabar, Nehema, and *Magie Noir, to name just a few).*

As a name, Poison is designed *to shock. To amuse.* To make the public take notice. It is a dare, a challenge—and a change indeed from a couture house that, until now, has specialised in such demure images as Miss Dior, Diorama, and the like.

The stores report that Poison is selling as fast as umbrellas have done this dreary summer. Clever merchandising is what moves scents these days and Poison has it all—the name, with its overtones of danger *and excitement; the bottle,* dark and mysterious after the work of Marino, a turn-of-the-century glasmaker; and packaging of a shiny moire print (a la Fortuny) in enigmatic green.

But what, I hear you ask, *does it actually smell like?* It is strong, long-lasting, rich, *sophisticated,* and quite a change from the innocent floral scents and essences of yesteryear. According to the publicity, Poison has "spicy notes from Russian coriander, Malaysian pepper, Ceylonese cinnamon. Fruity notes from orange blossom, honey and wild *berries. Amber notes from* opoponax, ambergris and civet."

So there you have it. The message this autumn is that *au naturel* is, for the moment, OUT. Sophistication, elegance, an aura of *luxe,* is IN. As somebody put it: "you don't want a sweet, no-nonsense Bluebell smell if you're wrapped in velvet and pearls, do you?"

Kaffe Fassett's gloriously coloured V-necked sweater

"Rugger" for Him and Her: from Marion Foale

Knit your own fashion with "Knitting in Style." Good Housekeeping's collection of 30 patterns, all with detailed instructions (Pan Books, £5.95)

Home-tech

Everything except the plug

PEOPLE PUZZLED at the astonishing rise in sales of personal computers for business and home often ask: what do you actually do with them? *It* is probable that quite a lot of the *people buying* them have not been too sure, either.

For the past two years or so, the home computer companies have looked anxiously at ways to make their products attractive to adults. The problem was that no one could come up with really convincing *applications*—suggestions that people would do their *home acounts on a com*plter were risible. However, the *one serious application growing* in the home has been word processing.

Until now, anyone buying a computer for word processing—either for home or office—has has had to choose and assemble had to pay £1,100 to £4,000 and all the constituent *bits* like computer, printer, screen, memory, *software and cabling.* All this has changed. Last month, Amstrad—*probably* best known for its very cheap audio equipment—launched a personal computer with a strong emphasis *on* word processing for £399 plus VAT. Remarkably, that price includes everything except the plug. The machine does not play games and will *run some other* types of business programmes.

Although Amstrad does sell home computers (rather successfully), the new machine is aimed mainly a business. Alan Sugar, Amstrad's founder and chief executive, reckons 95 per cent of buyers will be registered for VAT. But at this price *it is* undoubtedly attractive for home users as *well,* because *it is* cheaper than many electronic typewriters.

After using one for a week alongside my *office Wang word* processor costing thousands of *pounds.* I have to say the Amstrad computer is as incred*ibly good* value as it appears. The actual word processing programme, which comes with the machine, appears to *offer* just as many facilities as the Wang and was as easy to use.

I checked with Guy Kewney, one of the leading commentators on personal computers with a very wide experience of all the machines available. He said: "The word processing programme is at least as good as any I have viewed."

The Amstrad machine also passes the three other *important* requirements of a word processor—keyboard, screen and printer. The keyboard has an acceptable feel and the only niggle is that all the keys, including special comamnds, are in one block—but this is hardly surprising, given the price.

The screen is green and larger than most other personal computers, *which makes it easier to* edit copy. The resolution is not very *high and there was some* flicker. Neither was particularly *irritating, but might be after* a long stint. The printer is a "dot matrix" which is not as clear as an electric typewriter but it is still very acceptable. It is easily good enough for an individual or small business to use for an important letter.

There appear to be two small snags and one caveat about this product. The disc drive—used for storing programmes and documents—uses 3 in discs, adopted virtually *only* by Amstrad in Europe. This means *there might* be a *shortage of* other programs in this format, *but that will not last long if* the product sells as well as the company expects.

The second is that there is no software at the moment that would enable you to send a document prepared on the standard word processing program *via a telephone,* which will irritate someone who wants *to use an electronic mailbox.* It is, however, highly likely some*one* will produce just such software.

The one thing we don't know is how reliable it will be—but Amstrad has a good reputation with its home computers. In addition, the vulnerable devices, the printer mechanism and the disc drive, are made in Japan by two leading companies and the whole machine is assembled in Korea by a third.

It is slightly absurd trying to make comparisons for this product. *As far as I know,* there is no word processing set-up of this quality much under £1,000. However, a domestic user might still prefer to use a good home computer like Acorn's Micro, and add all the necessary devices, because of the educational and games programmes available for it.

The Amstrad PCW8256 *should* appear in the shops in early *October. The extras include an* "interface" costing £70 if you want to use a *different printer* or link it to a telephone line;

Jason Crisp

Amstrad PCW8256 Personal Computer

Soldier eye

THE MILITARY CORRESPONDENCE OF FIELD-MARSHAL SIR HENRY WILSON 1918-1922
Edited by Keith Jeffrey. Bodley Head/Army Records Society. £20.00. 435 pages.

THE CORRESPONDENCE of Sir Henry Wilson was an excellent choice for the first publication of the newly formed Army Records Society. Keith Jeffery's intelligent selection of letters exchanged between the fiery post-war CIGS and the *leading "Frocks" and "Brass"* makes excellent reading and shows Wilson at his best and worst.

The letters cast considerable light on the problems of demobilisation and army reform but, more importantly, on the multiple difficulties of the Lloyd George government in almost every part of the Empire. Only the correspondence between Wilson and General Macready, the commanding officer in Dublin, is not represented; that collection is still closed because of the current Irish troubles. As post-war head of the army, Wilson did not have the same power or influence as he had enjoyed as the pro-French Director of Military Operations before 1914 or as Lloyd George's hand-picked military representative on the Supreme War Council during 1917-18.

Sir Henry Wilson: letters now made public

These are the letters of a critical outsider. Nonetheless, they are as instructive, fresh and forthright as the extracts from Wilson's well-known and much quoted *diary* and fully merit publication.

Wilson became increasingly estranged from the Prime Minister as Lloyd George embarked on policies which the Field-Marshal believed would lead to the end of empire and the collapse of Britain as a great power.

Wilson's advice to the much detested politicians was simple in the extreme, "come out of those countries that do not belong to us and hang on to those that do." The CIGS wanted British forces removed from Russia, Silesia and the Rhineland, from Constantinople, Mesopotamia and Palestine but used to crush the nationalist opposition in Ireland, India and Egypt. He had no sympathy at all with Churchill's anti-Bolshevik crusades, Lloyd George's anti-Turkish campaigns or Lord Curzon's Middle Eastern posturings.

Wilson was convinced that surrender to the "Irish murder gang" would be but the first step in the dissolution of the Empire and that Ireland, India and Egypt could be brought to heel by force. It is highly doubtful whether Wilson's military solutions would have more than temporarily stemmed the nationalist tide but there is something impressive and refreshing in his strong grasp of the realities of British power. Wilson's clear reading of the weakness of post-war Britain stands in striking contrast to the dangerous illusions harboured by the Lloyd George government.

But Wilson's advice was rarely sought and almost never followed. On Irish questions, this most political of officers, would not again, as in the Curragh "mutiny," allow the army to be drawn into the quagmire of Irish politics. It was only after his retirement as CIGS that Wilson re-entered the political fray as Unionist MP for North Down. He was assassinated a few months later by Irish nationalists.

Keith Jeffery is a very able editor; his introduction and biographical indices are useful and scholarly without being overlong or pretentious. This book reaches the high standards set by the long established parallel Naval Records Society. One looks forward to further publications.

Zara Steiner

Eighteenth-century Shakers in America. This visionary sect has given John Fowles the inspiration for his new novel reviewed below

Novelist's tryst with Satan

A MAGGOT
by John Fowles. Jonathan Cape £9.95. 460 pages

JOHN FOWLES has chosen the title of his book with care. I had always thought a maggot was creepy, rotten and essentially rather revolting. Perhaps, in places, this book is creepy but it is not very obviously maggotty on the other counts.

I do not know if maggots sometimes seem a bit mannered to their fellow-maggots and sometimes are too promising to be put down. This book has these qualities, too, as Fowles's big following will expect and relish. It has a strong setting in the south-west of 18th-century England; the author interrupts the narrative to score points about the period and why, exactly, it is all going on; there is always the chance that there is about to be an orgy: the narrative is written with singular clarity and fluency: there is a prominent role for a slightly cardboard woman; the setting is imagined with the exact detail of a film-shot. The author has not gone experimental, dropped his punctuation or taken up new realism. If you liked *The French Lieutenant's Woman*, you must certainly give this one a go.

In older usage, a maggot could mean a quirk of fancy. John Fowles chose the name because his book "grew out of obsession with a theme," not an historical theme but one which touches on history and gives a setting to figures whom he had long had in mind. The particular maggots who set this heap squirming were the Shakers, the visionary sect which one Ann Lee founded in the mid-18th century. They were driven out of England to America in 1774. *Their combination of sexual abstinence*, music and visionary trance was not altogether new, but Fowles writes interestingly of what he sees as the appeal of their aspirations to simplicity, "more love" and the suppression of the self. He has not written an historical novel of their origins, but he has worked out an elaborate fiction of their founder's birth. Briefly, she was out of a reformed tart and by the deaf-mute servant of a gentleman who engaged in Satanism.

Only in the last of Fowles's intrusions into the narrative is this historical "connection" explained. It is unhistorical, anyway, and I am not sure how it relates to my appreciation of the book, or why it need impinge on it at all. Nobody could deduce the Shaker factor in the previous four hundred pages of harsh dealing, potential sex and cross-examination. When it emerges, it *does not* put the fiction in a new light. Personally, I have never liked Fowles's habit of intruding into his own fictions and giving us solemn little insights into social history or their broad implications for humanity. To many admirers, this habit is what makes his fictions special. I find it rather wordy and wish he could imply things without barging in to express them himself.

The bulk of this Maggot is arranged as a legal inquisition and set as questions and answers before a judge who is trying to establish the truth. I always find this technique compulsive. Fowles combines it with evidence of the questioners' social bias and letters from one inquiring party to another. Nonetheless, he sustains it very well from one witness to the next. The English throughout is intended to be of the period, but it does not submerge a lyrical streak in the plot and its telling which even accompanies the central encounter with Satan in a country cave. I profoundly dislike novels with arch "period" colour; *I had hoped never to* read a tale of black magic and the Devil again; the path from a brothel to a reformed Christian sect does not hold much fascination. For a while, however, Fowles had me racing down it. The historian in me loathes it, but he combines his imagination with a very accessible style and whatever else, *A Maggot* does maintain a *straightforward strand of* mystery.

Robin Lane Fox

Stalingrad saga surfaces at last

LIFE AND FATE
by Vasily Grossman. Translated from the Russian by Robert Chandler. Collins Harvill. £15.00. 880 pages.

PARADISE POSTPONED
by John Mortimer. Viking. £9.95. 375 pages.

NOTHING HAPPENS IN CARMINCROSS
by Benedict Kiely. Gollancz. £9.95. 269 pages.

HALF THE GLADNESS
by Carol Bruggen. André Deutsch. £8.95. 182 pages.

HIGH GROUND
by John McGahern. Faber & Faber. £8.95. 156 pages.

Vasily Grossman and John Mortimer: fiction with a topical edge

IT IS a pity that Vasily Grossman's novel *Life and Fate* should be introduced to the West as "one of the major novels of our time," as comparable to *War and Peace*, and on *a level with Dostoevsky and* Chekhov. This does a serious injustice to an interesting novel.

Grossman, a Russian Jew, was born in 1905 and died in 1964. He had one or two successes with *run-of-the-mill* socialist-realist fiction, and his *For a Just Cause* earned him the decoration "The Banner of Labour." In 1960 he finished *Life and Fate*, which is a critical, humane but pedestrian account both of Nazism and Stalinism. It centres on the Battle of Stalingrad. The Soviet establishment turned it down, and Suslov informed Grossman, curiously, that it could not be published for at least two hundred years (what did he think would have happened by then?) Grossman published one more acceptable novel, and died in poverty, pain and obscurity. He was an honourable man who tried to tell the truth: but he had no great imaginative powers, and so he did it somewhat in the style of that paradigmatic socialist-realist novel, Gladkov's *Cement* (which happens to be not even half as bad as it is rumoured to be amongst those who have not read it).

Thus Grossman, while he has written a readable, worthy and immensely long book, does not deserve to "be remembered as one of the first—and perhaps the greatest—Soviet dissidents." What of Mandelstham, for example? Silly hype puts things out of proportion. One can understand the enthusiasm of the translator, Robert Chandler; it is less easy to forgive the superlatives of some of the critics here quoted, one of whom links *Life and Fate* with Solzhenitsyn's ongoing cycle of novels and says these "eclipse almost all that passes for serious fiction today."

It is a shame to put an interesting and worthy novelist, once a protegé of Gorky, into the invidious bracket of the loved of journalists. All this said, his long novel is worth reading, and is efficiently translated. It simply needs a less hysterical welcome.

John Mortimer's thoughtful novel *Paradise Postponed* is skilful and amusing, but is really intelligent journalism disguised as entertaining fiction. However, very entertaining it is. A Civil Rights campaigner and priest of the Church of England dies; his family gather around to argue about his will. Every recognisable type is represented: the working class Tory, the angry young rebel turned crypto-fascist, the rich socialist. It is shrewd in this way, but sentimental in the way events develop (and in the ending); yet it is good-hearted and truly libertarian.

Benedict Kiely tells Irish tales in a Irish manner, and with the utmost ease. Of course, everything happens in *Nothing Happens in Carmincross*, a small Northern Irish town. It happens in particular to Mervyn Kavanagh, who comes from America and a bad marriage to attend his niece's wedding there. It is all told with a lilt, too reminiscent of Joyce and of stage-Irishry for my taste ("all the bubbling brew of an intoxicating Irish mind"). But the writing obscures an interesting plot and some wise reflections.

Half the Gladness is the second book of Carol Bruggen, who wrote *Crumbs Under the Table*. It is an unusual novel about a middle-aged women's experience of love, and her conflict with her mother — which, surprisingly and convincingly, *is resolved*. It *sometimes reads* very sentimentally, but is (I insist) less sentimental than it appears. It is well observed but happy — and that makes a change.

John McGahern's stories in *High Ground* are told, like Kiely's novel, with something of an Irish lilt. But it is a more expert one (sometimes recalling George Moore), and at his best this author is exceedingly subtle and sensitive, *and writes stories* just as they should be written. "Gold Watch" and "Bank Holiday" are amongst the most memorable stories included in this collection. The dialogue is consistently convincing and a few of the lyrical passages really are lyrical and original.

Martin Seymour-Smith

Major work in progress on Latin America

THE CAMBRIDGE HISTORY OF LATIN AMERICA
Edited by Leslie Bethell. Volumes One and Two: Colonial Latin America £40.00 and £30.00, 645 pages, and 912 pages; Volume Three: From Independence to c. 1870. £55.00. 945 pages. Cambridge University Press.

LATIN AMERICA AND THE WORLD RECESSION
Edited by Esperanza Durán. Cambridge University Press, £22.50. 162 pages.

MOST British publishers, like most American ones, work on the rule that people will do *anything* for Latin America but read about it.

They seem blind to the successes of writers from Darwin and Greene to Borges and Theroux. Happily Cambridge University Press, already distinguished for its series of academic papers on the region, ignored the rule, acknowledged the increasing thirst for knowledge about the area and is bringing out an eight volume Cambridge History of Latin America. On the evidence of the first three volumes, CUP and the editor Dr Leslie Bethell of University College, London, are in the throes of producing a classic work for which generations will be grateful.

The first two volumes deal with the pre-Columbian and colonial epochs and the third with the period from Independence to 1870.

Though the series is clearly not for the casual buyer it is full of material to interest the general reader. Professor J. H. Elliott is masterly on the Spanish conquest. Professor John Lynch is lucid and elegant as always on the origins of the region's independence from Spain and on the River Plate republics and the editor himself is illuminating on Brazil. Chapters on intellectual life and music throw up fascinating material. How many people know that Haiti in French colonial times was a brilliant centre of opera and concerts? Professor Peter Bakewell on New Mexico gives a comprehensive and very readable account of mining in colonial times.

The three volumes show time and again how deeply rooted in history the present characteristics of Latin America are. The 20th century Argentine death squads were, for instance, prefigured by the gangs of the *19th century caudillo Rosas and* Honduras's present weak sense of nationalism foreshadowed by the country's distinct lack of enthusiasm for independence in the first place.

As with any collection of papers by different authors there are some weaknesses to offset the many strengths. For example, one gets little discussion of the thought and characteristics of the church or the important masonic movement and the chapter on the church in colonial Brazil is barely acceptable. Strangely too, Dr Frank Moya seldom rises above the pedestrian when he tells the thrilling story of Haiti and the Dominican Republic.

The blemishes, however, are comparatively few and many people will be eagerly looking forward to the five volumes on more modern times still to come out.

CUP, this time in association with the Royal Institute of International Affairs at Chatham House, has published an important collection of essays on modern Latin America under the title *Latin America and the World Recession*. Its editor, a distinguished Mexican scholar, has gathered together an excellent group of contributors who record how *the debt crisis* came about and consider the consequences. The book will be indispensable to those who want to understand how the region's finances got into their present dire situation.

Hugh O'Shaughnessy

Importance of being Gloria

ONCE UPON A TIME
by Gloria Vanderbilt. Chatto & Windus, £9.95 301 pages

HOW FAMOUS is Gloria Vanderbilt? How familiar is her story of "being the prize in a scandal-ridden tug of war between her beautiful and pathetic young mother, Gloria Morgan Vanderbilt . . . and her powerful millionaire aunt, Gertrude Vanderbilt Whitney"? *Once Upon A Time* supposes she is very famous indeed and her story so well known that it can be told through the eyes of a small child and still be fascinating.

Gloria was seven when she left the care of *her globe-trotting* mother for the grandeur of Aunt Gertrude — who never appeared before lunch and never appeared at any time without a hat. There were four women of importance in little Gloria's life but the one she loved most, "Great Elephant," her nanny, was eventually removed from her by the same judge who had already declared in favour of aunt over mother and who dictated the circumstances of her living.

It is an unusual story told against the conflicting backgrounds of the European rich and/or titled (including the soon to abdicate Prince of Wales) and the ultra-conservative Wasp East coast American. The problem comes with the telling. Edith Wharton would have made marvellous fiction of the Aunt Gertrude side of it, describing the New York palace, the country estate, the rigours and rules of society, with understanding and a sense of humour. Proust would have dealt very well with the frightful pain involved in the mother's story, the child's love always thwarted, the adoration never acknowledged, the fascinating with the identical twin-sister, the terror of the dominating older sister, the discovery of Gloria's own half-sister.

But Gloria Vanderbilt, no writer, saw a picture of herself as a child and felt a signal, "a signal to write the book I had been writing silently within myself from the beginning." So we have memories, literally from the cradle, written in a stream of consciousness present tense in which repetition takes the place of explanation, description of analysis, emotion of information. Indeed, this is how life appears to children — and a very frustrating time they have of it, muffled in a fog of unknowing. Nor, as Ms Vanderbilt grows up, does she turn out to be a very fascinating girl. All her ambitions are centred on boys, the achievement of a slim figure and the possession of a sophisticated black dress, like the one her mother wears. Charitably, one might congratulate her on a sound instinct for marriage which was (is?) the traditional escape for the cossetted female and which she achieves at a remarkably early age. Thus does the once upon a time become happily ever after.

In keeping with the spirit of the book, there are 32 unlabelled photographs. However they do provide a few more tantalising clues to the cast of characters. After all, Gloria Vanderbilt, writer, does have the power to arouse curiosity if not to satisfy it.

Rachel Billington

Enfield boy

JACKDAW CAKE
by Norman Lewis. Hamish Hamilton. £9.95, 214 pages

EVERY SATURDAY morning Polly, Annie and Li, the three Welsh aunts of Norman Lewis, baked a fruit cake from the best ingredients. Promptly at ten o'clock they put it on the kitchen table and flung open the windows to admit the great black cataract of jackdaws who gathered regularly in the garden for their weekly feast.

With relations like these, and home in Enfield, Middlesex, the centre of a spiritualist circle, what else could Norman Lewis have become but a writer? His childhood, described here in a series of set-pieces, reads as almost too fantastic to be true. Life in Wales with the aunts, and a grandfather who reared game-cocks, was matched in Enfield by his mother's faith-healing sessions, and visits to Myddelton House owned by an amiable naturalist and eccentric, Augustus Bowles. The local squire, Bowles owned a pair of antique French dolls with moving parts, powered by a tiny combustion chamber, which he used to demonstrate the mysteries of the sexual act to the village boys at their confirmation classes held in his house.

Norman Lewis does not dwell on the more ordinary aspects of his boyhood, like going to Enfield Grammar School, but sweeps us on to his next adventure, marriage to Ernestina Corvajas. She was the daughter of colourful Sicilians, exiled from Italy for some unspecified cause, and the portrait of his parents-in-law, under whose roof he lived intermittently till the outbreak of the war, is funny and affectionate.

Little emerges about his own day-to-day activities at this period but his war as an NCO in Intelligence is minutely chronicled. "We had little idea of what was expected of us," he says, "and nor had our superiors." Whatever their intentions, his robust tales, especially from Tunisia, show this travel-writer and novelist at his perceptive best.

Sarah Preston

Djilas signs off

RISE AND FALL
by Milovan Djilas. Macmillan. £14.50. 424 pages.

EUARD Benes, erstwhile president of Czechoslovakia, foretold of Milovan Djilas, when the latter was still at Tito's right hand, that he would "wind up a communist heretic." So it proved. He fell from official grace in 1954. For his obstinate public criticism of Titoism and the "Leninist" and bureaucratic nature of Yugoslav communism of the time, he went to jail from 1956-61 and 1962-66. Even last year, in Belgrade where he lives in isolation without a passport to travel, he was briefly arrested for joining other dissidents for a discussion of Yugoslavia's thorny nationalities issue.

This final volume of Djilas's memoirs is a rather sad book, despite his refreshingly vivid impressions and anecdotes of his years in power, and meetings with Stalin, Churchill, Aneurin Bevan and Jennie Lee with whom he was close friends, and despite his stoic courage at his fall and imprisonment. It explains, in part (the other part is official intimidation), why he has never stirred much sympathy among ordinary Yugoslavs. For as Tito's chief of Agitprop, Djilas was a hard man, happy for a time. He had, he admits, to ape Soviet ways and then, after Yugoslavia's 1948 break with Stalin, to take "harsh, radical measures against exponents of a pro-Soviet line." But, equally, he concedes that the herding of "Stalinists and Cominformists" on the desolate Adriatic island of Goli Otok was a "tale of defeat and disgrace."

But he was also a natural rebel. Given the task in 1949 of replying to Stalin's attacks, he says:

I was in ecstasy over crossing swords with Stalin and affirming the Yugoslav revolution in one and the same article.

And the rebellion carried on, first Stalin, then Tito and his *royalist ways*. One side of him, he says, would have liked to retreat as an ordinary citizen, but this proved impossible because "the top leadership of a totalitarian party is incapable of releasing a member from its ranks except for 'betrayal'." The other side of Djilas, the intransigent rebel, made sinking into obscurity equally unlikely. And so he lives on in Palmoticeva Street, too famous for the authorities to jail him again, but too awkward to be rehabilitated in any way.

David Buchan

South Sea voyage

SLOW BOATS HOME
by Gavin Young. Hutchinson. £12.95, 464 pages

"IT IS not usual. . . . no, not very usual," a Chinese travel agent replies to Gavin Young's inquiry into the possibility of travelling from Hong Kong to Shanghai or other Chinese ports by ship.

But Mr Young, as we learnt in the best selling *Slow Boat to China*, is adept at finding a berth for himself and his metal suitcase "dented and scarred by months of rude contact with Arab, Indian, Malaysian and Filipino jetties, and ships' decks from the Piraeus to the Pearl River."

This sequel takes him to the South Sea islands, across the Pacific, to Cape Horn, across the Atlantic to South Africa and back via St Helena, Ascension and the Canaries. It is a wonder that such a journey could be undertaken at all, and the descriptions of the motley collection of ships which carried him, and their captains and crews make fascinating *reading*.

David Blackwell

• ARTS •

Theatre

From Cats to Glums

WHEN THE musical version of Victor Hugo's *Les Misérables* (known in the trade as "The Glums") receives its first public preview at the Barbican next Saturday, producer Cameron Mackintosh will be able to claim responsibility for three big shows in three different continents. This week his Broadway production of Andrew Lloyd Webber's *Song and Dance* (see review below) opened to a modest box office advance of US$1.75m. In July, *Cats* opened in Sydney to the biggest advance in theatrical history, in excess of A$5m.

Mackintosh is at the centre of musical theatre production in Britain, having first really established himself with the Sondheim compliation show in the mid-1970s which was followed by a fresh and delightful revival of *My Fair Lady* produced in collaboration with the Arts Council. The Arts Council needed product for its touring circuit; Mackintosh needed the standards and respectability of the subsidised sector.

For *Cats* in 1981, the biggest theatrical money-spinner of all time but a project for which he could barely raise the capital in the first place, Mackintosh hired the Royal Shakespeare Company team of director Trevor Nunn, designer John Napier and lighting designer David Hersey.

This was the team responsible, in 1980, for the RSC's *Nicholas Nickleby*. When Mackintosh acquired the rights to the French commercial hit version of Hugo's magisterial and teeming novel, he took the project to Nunn who, in turn, thought he could best do justice to it within the RSC rather than without. Just as well, really, for Nunn's recent creativity with the company he still runs with Terry Hands has been inconspicuous, to put it mildly. His last RSC produtcions were the Stratford-upon-Avon *All's Well* in November 1981 and the London *Peter Pan* a year later. Since then, Nunn has been embroiled in *Cats* worldwide, a Glyndebourne *Idomeneo* and *Starlight Express*.

That latter show was capitalised at £2.25m whereas *Les Misérables*, like *Mutiny!*, is costing in the first place £900,000, two-thirds of which figure has been raised by Mackintosh. The rest, quantified at £300,000, comes from the RSC (it is difficult to disentangle one particular budget from their overall expenditure) who will present the show for eight and a half weeks before Mackintosh, all being well, moves it lock, stock and barrel into the West End.

Cameron Mackintosh

This shading of commercial enterprise into the susbidised arena is not new. The Birmingham Rep, for instance, has been in cahoots with West End managements for years; only this week, Bill Kenwright unveiled (but not to the national Press) his Joan of Arc show, *Jeanne*, in the second city's concrete showcase. The subsidised theatre is in dire economic trouble and needs all the commercial backing it can raise.

But there persists a feeling intensified since Peter Hall's doomed *Jean Seberg*, that the National and the RSC should be above this sort of collaboration. They are, after all, subsidised far more generously than are the other big regional venues. And it is not as if *Les Misérables*, unlike *Nicholas Nickleby*, is a homegrown project. *Nickleby* was the apotheosis of all Nunn's RSC work in the latter half of the 1970s, scripted by an in-house playwright, David Edgar, performed by a company who had been together for several seasons.

The only prominent or recognisable RSC names in the *Misérables* cast list are Roger Allam as Javert and Alun Armstrong as Thénardier. The lyrics have been translated by critic and pop song writer Herbert Kretzmer (with early work by the now discarded poet James Fenton). The *Nickleby* team, Nunn again working in directorial tandem with John Caird, will no doubt work the familiar magic: but one senses an imposition of house style rather than a *Nickleby* like creative upsurge.

Christopher d'Amboise (left) and Gregg Burge in "Song and Dance"

Meanwhile, Mackintosh sees the musical becoming ever more adventurous, with bridges built between the opera house and the lyhic stage. The mantle of Puccini, he reckons, has been inherited by Lloyd Webber (along, some might say, with a few of his tunes) from such previous distinguished inhabitants as Jerome Kern and Richard Rodgers. To prove the point he is planning to present Robin Ray's quirky biographical divertissement *Café Puccini*, premièred this summer at Lloyd Webber's Sydmonton Festival weekend, as a 1986 spring sideshow to the main event of Lloyd Webber's and Richard Stilgoe's *Phantom of the Opera*.

Other Mackintosh plans include a revival of Vivian Ellis's *Bless the Bride* in London, a collaboration next summer with the subsidised Leicester Haymarket on *Carousel* and, following the lead of the adventurous Forum in Wythenshawe (a venue much admired by Mackintosh), Sondheim's *Follies*. He continues to talk to the Arts Council, Scottish Opera, the English National Opera and heavily sponsored but, except for touring, relatively unsubsidised Glyndebourne (is it a coincidence that Trevor Nunn is slated to produce *Porgy and Bess in Sussex next year?*).

Mackintosh operates out of an office (staff of eight) near the British Museum and other ports of call on Broadway and in Sydney. His fortune, and Trevor Nunn's, has been made by the worldwide *Cats* phenomenon. He is rich enough, it might be argued, not to have to leap into bed every five minutes with the subsidised theatre. That he continues to do so is, in fact, a measure of the importance to this nation of our state-supported ensemble companies. The Nunns, the Pountneys, the Napiers, the Dudleys, the Herseys and the actors—none of these are born in the commercial sphere. Until such talents cut the umbilical cord—and perhaps it is about time some of them did—the facts of creative theatrical life decree an extended era of wanton promiscuity.

Michael Coveney

The glittering American way

THE AMERICANISATION of Emma, the subject of Andrew Lloyd Webber's *Song and Dance* which opened on Wednesday this week at the Royale, is somewhat overshadowed by the Americanisation of the production, with glittering set, a new choreography for the second act and a zippy punch normally associated with high Broadway ticket prices.

Andrew Lloyd Webber and producer Cameron Macintosh have chosen their American collaborators well. Though Peter Martins has never choreographed for Broadway before, he is master-in-chief of the New York City Ballet, a position he shares with Jerome Robbins, whose own Broadway history has obviously inspired invigorating and personality-infused creations for the popular stage. The director, Richard Maltby Jnr, has excluded reference in his programme biography to his work on *Baby*, a modest recent musical with an excellent score that needed the kind of production provided here by set designer Robin Wagner and lighting designer Jules Fisher. Though Bernadette Peters first gained wide attention for films like *Pennies from Heaven*, she (like Maltyby) worked with the distinguished Manhattan *Theatre Club*. A year ago her musical talent bounced on to Broadway in *Sunday in the Park with George*.

To some degree, Robin Wagner's revolving and ever-changing sets seem an effort to hide the spare basic elements of the first act, where Miss Peters as Emma narrates her sometimes lonely, sometimes glamourous life as a young Englishwoman who followed her American boyfriend to New York. Though alone on stage throughout Act 1, with the help of the sets and Don Black's evocative lyrics Miss Peters fills the space with visions of her imagined encounters.

The music is serviceable for the engaging stories of successive boyfriends, including Midwesterner Joe, until Emma sings a letter home to her mother. Though the music sounds suspiciously like Allen Sherman's humorous song about a young camper's letter home, which was a hit here in 1963, this letter has a memorable tune to accompany the pointed and funny perceptions about America.

Maltby and Martins have worked hard to integrate the two acts, while retaining the original separation of song in Act 1 and dance in Act 2. With Joe's red boots from Act 1 turning up to grace lanky dancer Christopher d'Amboise in Act 2 tenuous links are made that are supposedly tied together when Emma ambles out to supervise a fashion show of her now successful career as a hat designer.

Most of the dancing in Act 2 plays out Joe's various romantic encounters, picked up from a passing reference in a song in the first half. The dancing has a rather nebulous narrative line that seems more intent on letting the dancers show off their vigorous talents than much character, even for star d'Amboise. The one dancer who rises above the energentic but diffuse paces is Gregg Burge, a black tap dancer with an ingratiating smile and a commanding talent with his feet.

Frank Lipsius

Jazz

A toot for Cootie

TRUMPETER Cootie Williams, who died on Sunday in New York, was the last surviving member of the original Duke Ellington orchestra formed in the 1920s. When Charles Melvin Williams joined the Duke in 1929 there began an epoch-making association with such distinctive and immediately recognisable musicians as Johnny Hodges, Harry Carney, Barney Bigard, Joe Nanton and Juan Tizol, all of whom contributed vitally to the tonal fabric of what was almost certainly the most creative jazz band ever.

Williams became one of Ellington's key instrumental voices with his use of the plunger mute, his "wa-wa" style and straightforward open tone. Like all Ellingtonians he swung like mad. He was a mainstay of the band throughout the creative 1930s—the Cotton Club days. In 1940 came his classic recording with the band, "Concerto for Cootie," which later became the popular song "Do Nothing Till You Hear From Me."

In the same year Williams shocked the jazz world (but not the Duke it seems) by leaving to join Benny Goodman, the King of Swing. Of this Williams said years later: "I think I was happier in music the first year I was with him than I ever was." Though a deep-rooted Ellingtonian, Williams did not return to the fold until 22 years later. During the hiatus he led a big band and also a small group at the famed Savoy Ballroom in Harlem.

Returning to the Ellington band in 1962 Williams found several of his 1930s colleagues still there: Hodges, Carney and trombonist Lawrence Brown. He visited Britain several times in the 1960s and 70s and we were lucky enough to hear him in fine form. After Ellington's death in 1974, Williams remained with the remnants of the band taken over by Ellington's son, Mercer. He travelled to Europe in 1980 with this rather sorry imitation of what was once a great jazz organisation, not as a sideman but as a special, honoured guest, coming on at the end of each set and recapturing, albeit briefly, the sound and fury of his fierce yet at times lyrical style, always astonishing with his once-wonderful but still potent growling trumpet.

Kevin Henriques

Saleroom

Chinks for glass

MOST AUCTIONS are tedious occasions: the sale of Lalique glass at Bonhams on the evening of September 30 promises to be an exception. The occasion is graced with a theme, the 50th anniversary of the launching of the liner the Normandie, and, although none of the objects that Lalique supplied to this floating monument to French pride are on offer, the event is to be enlivened with the screening of a Hollywood movie of the period, appropriate piano music and a backdrop behind the auctioneer of the Normandie itself.

Bonhams is cutting a dash with this sale and has high hopes of a total in excess of £100,000 for its 200 lots. It is making the effort because Lalique glass is one market where it reckons to have the edge over its bigger rivals among the salerooms.

René Lalique started to produce glass commercially around 1910 after a successful career as an innovative jeweller. Until 1939 he dominated glass manufacture, moving on from art nouveau to art deco and moulding objects into the highly individualistic shapes which now seem to represent the age. It is reckoned that 8m items were produced at the Lalique factory in the 30 years of its dominance (although output has carried on until today). This outpouring of objects makes Lalique a perfect field for collectors—prices range from £40 or so for a tiny scent bottle or cocktail glass to more than £10,000 for one of Lalique's large lamps. The auction record is $39,000 paid at Phillips in New York in 1980 for a model of a cougar, a one-off design that Lalique gave to his friend Lord Dunsany.

Lalique prices started to rise rapidly during the great boom in art nouveau and art deco in the 1970s. After the 1980 peak there was a falling off but the market is steadily recovering. In particular Americans have regained their enthusiasm and many will make the trip to Bonhams.

Lalique reached his apogée at the time of the Paris Exposition of 1925 and it is glass from this period which is most sought after, along with the rarer coloured examples. But perhaps of most general interest are the car mascots that Lalique produced in the 1930s. If you wanted to be flash around 1935 you went along to Breves in Knightsbridge, the main Lalique supplier in Britain, and bought "The spirit of the wind," the girl with the startled expression and the flowing hair, and attached it to the front of your car. As you speeded along the glass was illuminated: the faster you went so the colours rotated more rapidly—an impressive effect for just seven and a half guineas.

Bonhams is offering three car mascots in the sale. They are naturally rare, as time and car thieves took their toll, and "The spirit of the wind" carries a top estimate this month of £3,000. (Last year one made £4,000 at Bonhams but it was slightly longer).

Lalique was the pioneer of art glass: it was designed for display rather than for use. But he was also a shrewd businessman; if a particular model did well it was quickly mass produced. At the Bonhams auction you can start a Lalique collection by paying around £90 for three scent bottles, two in blue glass, that were designed for Worth; or perhaps £100 for a frosted and clear glass ashtray.

At the other extreme the saleroom is offering a "Source de la Fontaine" frosted glass statuette, 71 cm high, with an estimate of £2,000-£3,000. It is just possible that it came from the fountain of more than 40 ft high which was the centrepiece of the 1925 Paris Exposition. It rose on 17 levels with statuettes such as this at every stage. It was such a success that Lalique produced similar fantasy figures and it is most likely that this statuette was made then.

The most highly estimated lot in the sale is a rare frosted and black stained glass lamp, which carries a £8,000-£12,000 tag, while an enamel, diamond and gold collier is expected to top £5,000, a green cased frosted glass vase up to £4,000, and a black glass vase around the same sum.

On the other hand there is the frosted glass circular dish (top estimate £90); the ashtray (top estimate £120); and the frosted glass clock (£350-£400). Many of the lots consist of scent bottles, for Lalique first became involved with glass making when undertaking a commission for Coty.

The wide price range is a major attraction of Lalique, as well as the fact that almost every piece is marked with the name. An item bearing the legend "Cristal Lalique" will be of post-1945 manufacture.

Lalique glass is not rare: it can be successfully hunted down in antique shops. It need not be costly: its original popularity rested on its suitability as presents for the middle classes—an unchanging attraction. But above all it offers the look and feel of the past, and a past which embraces the two most distinctive and enduring decorative movements of the past century—are nouveau and art deco.

Antony Thorncroft

Pop

Reaching out to touch a star

I DISAPPOINTED Diana Ross on Thursday night. I was under her strict orders to reach out and touch the inoffensive strangers who were my neighbours but, by pretending to scribble furiously, I was one of the few breaks in a swaying chain of interlocked hands which briefly formed the longest hokey-cokey in the history of the Albert Hall.

It was probably my loss. I know the show is completely artificial, that when Ms Ross tells us we are beautiful and expresses a craving to see into our eyes she is repeating formulae with no meaning. I am well aware that when, at the opening, she asks for requests from the audience she has no intention of changing the running order of her act by a second. Of course it is all show-biz schmaltz. And yet her fans loved it, and the ease with which she transformed one of the most overpowering concert halls in the world into a convivial bar-room revealed star power of awesome strength.

In fact, compared to the verbal excesses of previous visits, Ms Ross was in a subdued mood. Not in her clothes—four changes in costume, from silver Lamé, like a chicken trussed for the oven, to white silk at the end, ensured plenty for visual contemplation. But she was not too glutinously simpering. Her tours of the audience were still there, accompanied by two heavies crouched like apes to ensure that no fan got presumptuous when offered a Ross finger, but the overriding impression was that of one of the great pop voices of our time dipping rather casually into a song-book which covers 25 years, accompanied by a fine band: a professional if routine performance.

There was an all too brief Motown section; beautiful snatches of Billie Holiday; a salute to the 1950s; and even a touch of Dylan as a finale, the benedictive "Forever young." I went wearing my cynical overcoat and rather enjoyed it. Stars may be millions of miles away from reality but they do twinkle nicely.

Antony Thorncroft

Radio

How it should be done

Uncle Vanya on Radio 3 on Sunday was very good indeed, and one example of how classic drama should be played on radio. The entry in the Radio Times said it was "translated and adapted" by Christopher Hampton, but the adaptation consisted simply of playing it straight through in Christopher Hampton's translation, though it's true that the characters were always addressed by their well-known names, rather than Ivan Petrovich or Yeliena Andryeevna as Chekhov required. The music was "arranged and played" by Anthea Gifford: that is, Anthea Gifford played the little snatches of guitar-music for Telyegin in the background where the author directs. Well, never mind these pomposities; the acting could not have been better. Robert Stephens's voice had just the right dotty quality for Vanya, the ideal contrast to Timothy Dalton's sincere, sensible Astrov and Michael Gough's dry, self-satisfied Serebriakov. Cheryl Campbell as the frustrated romantic Yeliena and Brenda Blethyn as the practical, down-to-earth Sonya were another nicely oposed pair. This was a masterpiece of casting, and the direction by Jane Morgan was as good as the playing.

Sunday was in fact pretty rich in drama, for on Radio 4 in the afternoon there was a repeat of Colin Thurbron's *Emperor*, an interesting piece about the conversion to Christianity of the Roman Emperor Constantine. The action was set in Constantin'e march against his brother-in-law Maxentius, on which he was accompanied by a philosophic secretary (Cyril Luckham) and a Christian priest (Arnold Diamond); and how genuine the conversion was, its sudden vision of a cross with its precet "in this sign, conquer," is dubious. Constantine, having founded Constantinople, went on to kill his wife and one of his sons. Colin Thubron gives the apparition a moment's elation, no more; but they play is exciting throughout; Martin Jarvis was a good Constantine, and John Theocharis a good director.

Also on Sunday (habitually the day worth most of the rest of the week put together, especially when they do not have the silly Colour Supplement) was a good programme about the unacceptable practices of the multinational drug companies. This gave Roger Cook an opportunity to get his foot in a rather more worthwhile door than some unhappy defalcating tradesman's of the kind he used to deal with. Drugs that may have damaging side-effects are sold without restriction in some Third World countries as brain stimulants, appetite restorers (even where food is short) and cures for backache. Proper drugs are so generously distributed that bacteria soon become drug-resistant. Drug companies defend big profits on the ground that they help pay for research, and the World Health Organisation says that marketing policies are "not their business." On the strength of this programme, it sounds as though they ought to be.

There was an interesting programme yesterday on Radio 4 about British wine. I have enjoyed Sir Guy Salisbury-Jones's wine from Hambledon, and sometimes buy the local Three Choirs from Newent, Gloucestershire, but I had no idea of the extent of English viticulture. Lamberhurst produces half a million bottles a year; Biddenden, not far off, has 15,000 acres under vines. I have just been out and got a bottle each of Lamberhurst and Three Choirs; next week, if I have space, I will tell you what they are like. I can even tell you that Three Choirs is made from German grapes, but I cannot say what Lamberhurst grows, nor did Roger Snowdon tell us about grapes in his otherwise comprehensive talk.

B. A. Young

Solution to Chess No. 586

1 B-B5 (threat 2 Q-KB4), KxB; 2 Q-K4, or if RxB; 2 Q-N8 or if PxB; 2 QxP, or if QxR; 2 RxQ.

WEEKEND FT

Private view

Sir Huw does his star turn

THE TELEVISED debate on Thursday night about whether or not the BBC should accept advertising was itself positive proof of the BBC's capacity for providing great entertainment. From the moment Ludovic Kennedy appeared as chairman in a white dinner-jacket you could be certain that there was going to be some fun.

It started with the non-appearance of Tim Bell, whose advertising agency had just been hired by the BBC to improve its image. Mr Bell was meant to argue the case for commercials on BBC but to everyone's amusement had decided to make commercials for them instead. He was replaced by John Perris, from Saatchis.

The evening then got under way with a blustering performance from Paul Johnson, the journalist, attacking the relationship of the BBC and the Government: "You cannot be a kept woman and not render any services," he said, continuing in this popular vein with the revelation that the BBC already takes adverts from Durex in the pages of the Radio Times. It looked as though Mr Johnson's act was going to steal the show until he unwisely quoted an old editorial he had written when commercial television was first introduced. He was against it then and he was wrong, he said. This allowed Melvyn Bragg to come back at him with an easy one-liner. "He was wrong then and he's wrong now."

Before this, however, John Mortimer opposed the motion with an entertaining line on Mr Johnson's changing attitudes. He was a man of strong principles Mr Mortimer conceded—strong socialist principles then, strong conservative principles now. . . .

Mr Perris could not follow this sort of theatrical display and concentrated on the figures for advertising revenue. These were later to be disputed widely from the floor but Mr Perris had a great deal of them, so many in fact that Ludovic Kennedy had to interrupt him and tell him that his time was up. Melvyn Bragg spoke last claiming that the advertising men would get "drunk and fat" on the BBC. Mr Perris had looked decidedly thin and sober but, this worry apart, Mr Bragg put on a spirited defence of ITV's achievements which thus placed him on the side of the BBC.

It was then the turn of the floor to match the standard of the main speakers. A free-marketeer from the Adam Smith Institute gushed about there being 20 channels on television in Washington.

An American speaker told him that since they all showed the same thing there was no choice at all. Another American told the audience that the best things were bought from Britain and put on public service broadcasting anyway.

Just as the massed broadcasters began to fel good Austin Mitchell, the Labour MP, told them that they were "complacent and overweight." Mr Mitchell was, however, against advertising on *both* BBC and ITV, getting the biggest laugh of the evening with his line: "If you fed horses on the same hay, you get the same manure."

So the speeches went on until Sir Huw Wheldon did his star turn saying that although the programmes were often lousy, the BBC was one of the great institutions of the Western world. After prolonged applause the main speakers summed up. Paul Johnson brought up government interference again and John Mortimer asked him if he was going to fight it with a shampoo commercial. Only Saatchi would benefit, said Mr Mortimer, as the bearded man from Saatchi looked outraged. It only remained for the twinkling Ludovic Kennedy to declear the motion carried, in spite of what looked like a vote the other way. The show ended in laughter and was followed by an advert for the Listener.

Ian Hislop

Sport

No other European show can match Southampton's colourful pontoons of boats afloat and awaiting inspection

Dream boats for messing about in

ALTHOUGH the Southampton Boat Show is traditionally held in September it heralds the yachtsman's new year.

The season is puffing and blowing to a close with the equinoctial gales; although this year they are simply an extension of the gales that have persisted all summer, and it is time to think about laying-up, or planning a new boat, or sketching a sailing programme for 1986.

Southampton has a special lure for potential boat-owners and those who have the itch "to get something bigger." No other European show can match its crowded and colourful pontoons of boats afloat and awaiting inspection, or even a trial sail.

If you are looking for a dream boat to sail away on sabbatical or early retirement then step on to the pontoon reserved for the biggest boats. You will not be disappointed. Camper and Nicholsons of Gosport is showing Zulu, the first of the firm's new 46-foot design. Built for a British owner, she has that indefinable elegance characteristic of the best in British yacht construction. Nicholsons is a builder of "gentlemen's yachts." Those standards do not come cheap: such a yacht will cost you £225,000 including VAT. Nonetheless, five have been ordered quickly—three for British owners, one for a Swiss, and another for a Canadian.

If your tastes run to a yacht with racing potential as well as being superb cruising boat then you will be attracted by one of *the latest Swans from Nautor of* Finland, lying nearby. Swans are expensive yachts with a well deserved international reputation.

The show has more to it than salesmen in blazers chasing business. It provides an end-of-season informal forum for *builders, designers, and owners* to meet.

All the talk this year is about the high rate of casualties among the racing fleets during the 1985 season. Simon Le Bon's Drum achieved a high profile (inverted profile would perhaps be more accurate) when her keel broke away, off the Cornish coast.

Many yachts lost masts, and gear failure was common. A measure of the mayhem was that during the Fastnet Race, sailed in a series of spirited gales, only three of the nations competing for the Admiral's *Cup finished with their three-*boat teams still intact. They were Germany (the winners), Australia, and Ireland.

The yachting authorities will be worrying over these events during the winter. More stringent rules governing the construction, design, and management of offshore racing yachts may be predicted, and now is probably not the moment to order a new ocean greyhound. But lessons have been learned. Stronger, more seaworthy boats should be the result.

The cruiser-racer designs show the best range of sea-*worthy, excellent* boats I have seen in one place. The German Frers-designed Hylas 44, a good-looking boat, saved on labour costs by being built in Taiwan. She is remarkable value at £118,000, and the company importing her is also offering a sleek 39-footer, more racer than cruiser, called the Comet 383. Comet is built in Italy; the "soft lire" brings her to Southampton with a price tag of £50,000; a bargain basement price for such a yacht.

One of the toughest cruising boats, Peter Brett's Rival design, is in her latest 36-foot form at just over £60,000.

Moody has two striking new boats in the show, a 28-footer and a 37-footer, each in all respects more stylish and pleasing to the eye than older, bulkier Moody designs. Moody and Westerly, a company which now has a fine range of yachts, is competing fiercely for the *British family cruising* market.

Wood is making a comeback, Fabian Bush and Jamie Clay, craftsmen boatbuilders in wood, of Osea Island, Essex, supply customers with wooden boats built to special order, working "to suit individual needs and aesthetic demands." No prospective owner could ask fairer than that.

Roy Hodson

English cricket rises from the Ashes

CLIFFHANGERS, near-misses and form fluctuations that might have merited stewards' inquiries had they taken place on the turf . . . that was English cricket in 1985.

It turned out to be one of the most exciting seasons ever, despite the weather and the fact that the main event, the Australian tour, was hardly a classic. Certainly, England regained the Ashes and some of their pride following the mauling by the West Indians the previous year; against that, the Australians brought their poorest touring party since the war with the weakest bowling

Still, the series caught the public imagination, helped by the elegance of David Gower's batting. And, in terms of hard cash, the large crowds showed a six-Test series was amply justified, even though I still believe five Tests and five one-day internationals (instead of three) provide a better-balanced programme.

The cliffhangers and near-misses came all in a bunch as the season waned. They started with what was probably the best one-day final yet—Essex's one-run victory over Nottinghamshire for the NatWest Trophy, with Derek Randall dismissed off the last ball as he tried to make the winning hit.

Then, only last Sunday, holders Essex retained the John Player League title by beating Yorkshire off the second-last ball. Before play began Sussex and Northamptonshire both were in a position to sneak in if Essex lost; as it turned out, a disappointed Sussex found victory was not enough and Northants stumbled to defeat.

Finally, the big prize of the domestic season, the county championship, was not decided until the last hours of the season's last day on Tuesday

Middlesex proved they were the best all-round side in the competition, triumphing despite having skipper Mike Gatting, Phil Edmonds, John Emburey and Paul Downton on Test duty for half the county's fixtures. It would have been nice to see Hampshire or Gloucestershire succeed—neither has picked up many honours in recent years. But the improvement by both to finish second and third was one of the season's talking points

The questions being asked as stumps were drawn for 1985 concerned Somerset and Leicestershire. The West Countrymen finished last in the county table and 10th in the Sunday league despite having such top-class players as Ian Botham, Viv Richards and Joel Garner and several other very good ones. Admittedly, Botham was away for much of the summer on England duty and Garner had injury problems; yet Richards finished top of the first-class averages. Obviously, Somerset have problems.

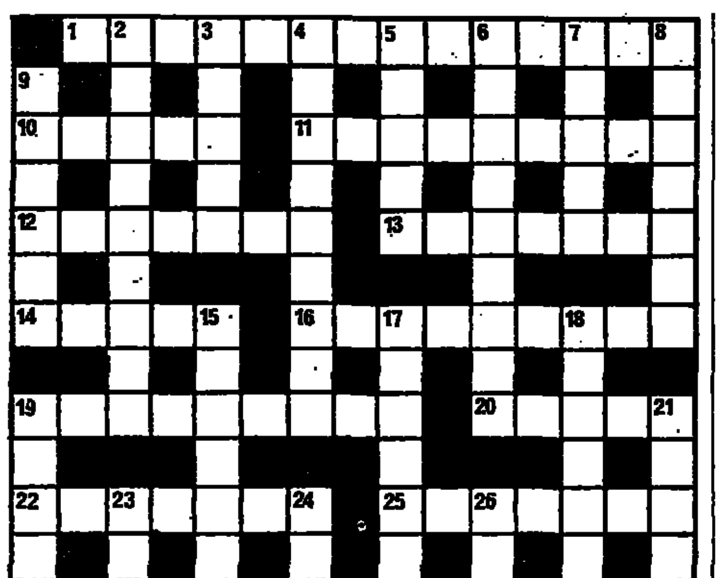
So, too, have Leicestershire who finished 16th in the county race; stories of rumblings in the dressing room occupied the press in the second *haf of* the season. They did win the Benson and Hedges Cup but their championship position belied the fact that as well as Gower, the captain, they have two opening bowlers—Les Taylor and Jon Agnew—who played for England this summer as well as redoubtable all-rounder Peter Willey,

Bargain of the summer must be Neil Radford, obtained by Worcestershire from Lancashire. He was the only bowler to top the ton in wickets (101 at 24.68) and played a major role in Worcester's rise

Essex finished most in the money. Despite a dreadful start to the season, injuries to key players, and Graham Gooch's absence with England, they won two of the limited-over competitions, lost in the final of another, and finished a creditable fourth in the county championship. Essex have learnt to retain their composure under pressure and obviously they owe a big debt to their retiring skipper, Keith Fletcher.

It makes you wonder yet again about the first decision by Peter May *as chairman of* England's selectors when he took away the national captaincy from Fletcher and appointed Bob Willis—in the interests of positive cricket.

Trevor Bailey



F.T. CROSSWORD PUZZLE No. 5,827

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

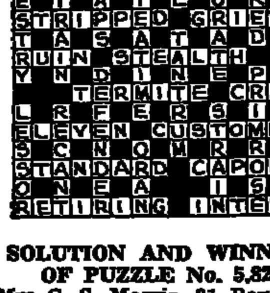
1, 10 Special offer needing no receipt: how to offer (3, 3, 3, 5, 2, 3)
11 Bad actor in fashion for President's escort? (9)
12 Greedy beast's family in American football (7)
13 Difficult position, fatal in America (3, 4)
14 Hair of many a female operator? (5)
16 Junior worker, away from the rink a sound support? (6, 3)
19 Island servant gets to island fast (3, 6)
20 Unsteady movement to be left in (5)
22 French evangelist to be familiar with Indian city (7)
25 Went out without cycle, full of eager anticipation (7)
27 Rough work, namely work on brass (9)
28 Giver of prize, number to be 50 (5)
29 Prince Charles 'anged French priest in that place (5, 9)

19 Charity has a point in my wine (7)
21 Conference with theologian left in shade? (6)
23 Island of historic or future significance (5)
24 Sound of rapid motion which has no companion on rivers (5)
26 Churchman's rule by the gun, we hear (5)

DOWN

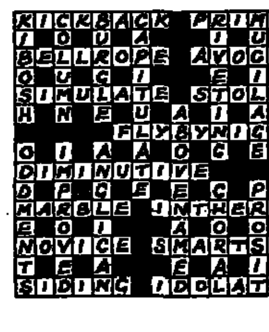
2 London suburb inverted by Joan or Robin Hood? (4, 5)
3 Enthusiast for the circus? (5)
4 Via (5, 4)
5 Difficulty in getting a lift? (5)
6 Like a thief: cap it—liar, possibly (9)
7 Entertaining Granny?- That is stupid (5)
8 With celerity I go off on my feet (7)
9 Sounds what I do with the question, darling! (6)
15 Carrier full of holes, needing some horses to shoot successfully? (6-3)
17 Why, for example, lift is required for boxer (9)
18 Where sparrows are fed in Scripture, traditional style? (4, 5)

Solution to Puzzle No. 5,826



SOLUTION AND WINNERS OF PUZZLE No. 5,821

Mrs C. S. Morris, 31 Ravelston Dykes, Edinburgh.
Mr J. S. Barber, 9 Tyne Road, Oakham, Rutland, Leics.
Mr T. M. Coulson, 13 Luxembourg Gardens, London, W6.
Mr K. A. Woodall, 2 St Nicholas Close, Allestree, Derby.
Mr L. Wharhirst, 55 Old Fold View, Barnet, Herts.



TELEVISION AND RADIO

SATURDAY

BBC 1

† indicates programme in black and white

8.30 am The Saturday Picture Show. 11.10 Film: "The Scarlet Blade," starring Lionel Jeffries, Oliver Reed and June Thorburn. 12.30 pm-5.05 Grandstand including: 1.00 News Summary. Football Focus with Bob Wilson, Basketball from Manchester, Racing from Newbury, Rallycross from Lydden Hill and at 4.40 Classified Results.

5.05 News. 5.15 Regional variations. 5.20 The Tripods. *5.45 Terry and June.* 6.15 The Noel Edmonds Late Late Breakfast Show. 7.05 Bob's Full House. 7.40 Juliet Bravo. 8.30 The Paul Daniels Magic Show. 9.15 News and Sport. 9.30 Film: "Victor/Victoria," starring Julie Andrews. 11.40 Saturday Movie Classic: "A Matter of Life and Death."

BBC 2

†3.10 pm Film: Saturday Cinema Double Bill: "Gambling Hell," starring Erich von Stroheim; and at 4.45 "The Lost Squadron," starring Erich von Stroheim and Joel McCrea. 6.00 Darts. 6.55 The 20th Century Remembered. 7.25 News and Sport. 7.40 Saturday Review. 8.30 Placido Domingo in "Andrea Chenier" (with English subtitles). 10.40-11.55 Darts.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 TX. 10.00 World of Sport including: 10.05 Cricket—Silk Cut Challenge, 12.45 pm News, 12.50 On the Ball. 1.20 Cricket, 1.40 Racing from Ayr, 1.55 Rallying, 2.10 Racing from Ayr, 2.25 Speedway, 2.40 Racing from Ayr, 2.55 Cricket—Silk Cut Challenge, 3.45 Half-Time Soccer Round-Up. 4.00 Cricket—*Silk Cut Challenge. 4.45* Results.

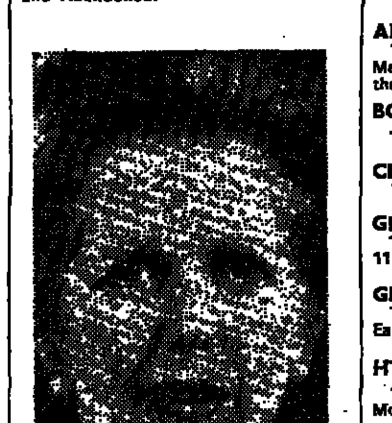
5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Child's Play. 7.00 Russ Abbot's Madhouse. 7.30 3-2-1. 8.30 Dempsey and Makepeace. 9.30 News and Sport. 9.45 News Headlines followed by Movie Premiere: "Rear View Mirror" starring Lee Remick. 11.35 Studio One—In Concert with The Associates. 12.00 *Freeze Frame.* 12.25 am Night Thoughts.

CHANNEL 4

1.00 I Could Do That. 1.25 Making the Most of . . . †1.50 "Under the Red Robe" starring Conrad Veidt. †3.25 "The Passing Of The Third Floor Back" starring Conrad Veidt. 5.05 *Brookside Omnibus. 6.00 Family Ties.* 6.30 The Corries and Other Folk. 7.00 News Summary followed by 7 Days. 7.30 Union World. 8.00 Beats of the Heart. 9.00 Upstairs Downstairs. 10.00 Hill Street Blues. 11.00 Coming Next. . . †11.30 "The Cabinet of Doctor Caligari" starring Conrad Veidt. 12.25 am "Krammen the Movie." 12.25 The Paul Hogan Show.

S4C WALES

2.00 pm The World—a Television History. 2.30 Where Do We Go From Here? 3.00 Feature Film: "The Desert Song." 5.00 Gardeners' Calendar. 5.30 Upstairs, Downstairs. 6.30 Keeping Your Words. 7.00 Newyddion Saith. 7.15 Ar Y Ffordd. 7.45 Taro Bargen. 8.15 Chateauvallon. 9.15 Y Maes Chwarae. 10.05 Beats of the Heart. †11.05 Feature Film: "Seduced and Abandoned."



Mrs Thatcher at home on Sunday, BBC 1, 9.40

REGIONS

IBA Regions as London except at *the following times:*

ANGLIA
11.30 pm Man in Concert at the Marquee. 12.30 am At the End of the Day.

BORDER
11.30 pm The Mysteries of Edgar

CENTRAL
11.35 pm Magnum.

GRAMPIAN
11.30 pm Studio One In Concert. 11.55 Reflections.

GRANADA
11.35 pm Hawaii Five-0. 12.30 am Earth, Wind and Fire in Concert.

HTV
11.30 pm Rugby Union: Bath v Moseley.

HTV Wales—As HTV West except: 11.30 pm-12.00 Party with The Rovers.

SCOTTISH
10.00 am The Glen Michael Cavalcade. 11.30 pm Late Call. 11.35 Man in a Suitcase.

TSW
10.00 am Gus Honeybun's Magic Birthdays. 10.03 *Freeze Frame.* 10.47 TSW Regional News. 5.05 pm Newsport. 5.10 Blockbusters. 11.30 Spitfire. 12.35 am Postscript. 12.40 South West Weather and Shipping Forecast.

TVS
12.42 pm TVS Weather. 11.30 The Strawbs in Concert. 12.30 am *Company.*

TYNES TEES
11.30 pm Studio One In Concert. 12.00 Poet's Corner.

YORKSHIRE†
9.25 am Regional Weather Forecast. 11.30 pm Hardcastle and McCormick.

RADIO

BBC RADIO 2

(S) = Stereo on VHF

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time with Derek Jewell (S). 1.00 Cut Off at the Fringe. 1.30 Sport on 2, including Football; Racing from Newbury; Cricket. 5.00 Sports Report and at 5.45 Racing Results. 6.00 Cyril Tawney introduces The Dubliners in concert. 7.00 Jazz Score. 7.30 A Gershwin Gala (S). 9.30 String Sound (S). 10.02 Sports Desk. 10.05 Martin Kelner (S). 12.05 am Night Owls (S). 1.00 Bill Rennells (S). 3.00-4.00 Wally Whyton introduces Country Club (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). *9.00 News. 9.05 Record Review* (S). 10.15 Stereo Release (S). 11.15 Concert from Lichfield Festival (S). 1.00 News. 1.05 Russian Piano Music (S). 2.00 From the Heart of Europe (S). 5.00 Jazz Record Request (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.05 Northern Sinfonia, conducted by Jacek Kasprzyk: Beethoven, Mendelssohn, Wagner, Schubert. 8.15 The Good and the Great. 9.00 From the Edinburgh International Festival 85—Cleveland Quartet, part 1: *Schubert, Dohnanyi* (s) 9.40 From the Family Album. 10.00 Edinburgh Festival, part 2: Beethoven (Quartet Op. 135) (S). 10.35 Stravinsky: Petrushka played as a piano duet by Richard Markham and David Nettle (s) 11.15 The Romantic Motet—BBC Singers conducted by John Poole: Bruckner, *Verdi, Brahms* (s) 11.57-12.00 News.

RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4 with Tony Lewis. 8.48 Breakaway. 9.50 News Stand. 10.05 Conference Special—The Liberals. Bryan Gould, Labour MP, reports on the Liberals' week at Dundee. 10.30 Pick *of the Week* (S). 11.30 From our own Correspondent. 12.00 News: A Small Country Living. 12.27 pm Quote Unquote (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; the Afternoon Play. 3.00 News: Humour in Music. 3.30 Fairer Shares. 4.15 Budleigh Salterton's War. 4.45 An Infamous Address. 5.00 Wildlife (S). 5.25 Delve Special (S). 5.50 Shipping Forecast. 5.55 Weather; *Travel.* 6.00 News: Sports Round-up. 6.25 Explorers Extraordinary (S). 7.10 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Animal Language (S). 11.00 Science Now. 11.30 In One Ear (S). 12.00-12.15 am News.

SUNDAY

BBC 1

† indicates programme in black and white

8.55 am *Play School.* 9.15 Knock ! Knock ! 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 18 Up Showcase. 12.10 pm See Hear ! 12.35 Farming, with Philip Wrixon, Dan Cherrington, Leslie Cottingham and Claire Powell, including 12.58 Weather News for farmers. 1.00 This Week Next Week. 1.55 Cartoon. 2.00 EastEnders. 3.00 Film: Adventure Matinee: "The Bravados" starring Gregory Peck with Joan Collins and Stephen Boyd. 4.35-5.05 Moment of Truth.

5.05 pm Antiques Roadshow. 5.50 Watchdog. 6.20 Write Now ! 6.30 News. 6.40 Songs of Praise. 7.15 Open All Hours. 7.45 Howards' Way. 8.35 Whicker's World. 9.30 News. 9.40 Number 10 Downing Street. 10.30 Heart of the Matter. 11.05 Glass. 11.30 The People's Schools.

BBC 2

1.55 pm Film: "Giant," starring James Dean, Rock Hudson and Elizabeth Taylor. 5.05 Darts (Unipart British Professional Championship). 6.00 News Review. 6.30 The Money Programme. 7.15 The Natural World. 8.05 Darts. 8.35 Theatre Night: "The Father" 10.35 Film: "East of Eden" starring James Dean, Raymond Massey, Jo van Fleet and Julie Harris. 12.25-1.00 am Darts.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake up London. 9.35 Woody and Friends. 9.45 Yakky Doodle Duck. 10.00 Morning Worship. 11.00 Getting On. 11.30 Ulster Landscapes. 12.00 Weekend World. 1.00 *am Police 5. 1.15 The* Smurfs. 1.30 Happy Days. 2.00 LWT News Headlines, followed by the Human Factor. 2.30 Boxing: The Heavyweight Championship of the World: Larry Holmes (U.S. champion) v Michael Spinks (U.S.). 3.30 The Baron. 4.30 Stookie. 5.00 Bullseye. 5.30 Sunday Sunday. 6.30 News. 6.40 Appeal on behalf of Hosanna House Trust by Lady Masham. 6.45 Highway. 7.15 Albion Market. 7.45 Murder, Mystery, Suspense. 9.30 News. 9.45 The Adventures of Sherlock Holmes. 10.45 News Headlines followed by Strad Jazz with Nigel Kennedy. 11.45 Show Express with James Last. 12.10 am Night Thoughts.

CHANNEL 4

1.00 pm Irish Angle presents Hands. 1.30 Face the Press. 2.00 Sunday after Sunday. 3.00 All Ireland Football Final. 5.00 World of Animation. 5.15 News Summary followed by Multinationals. 6.00 American Football. 8.15 The Jewel in the Crown. 10.15 Thirty Years of ITV: Channel 4 celebrates the opening of British independent television on September 22 1955 with a compilation from the archives and repeats of two of ITV's most popular early shows: †Just for Openers. †10.45 The Adventures of Robin Hood. †11.15 77 Sunset Strip.

S4C WALES

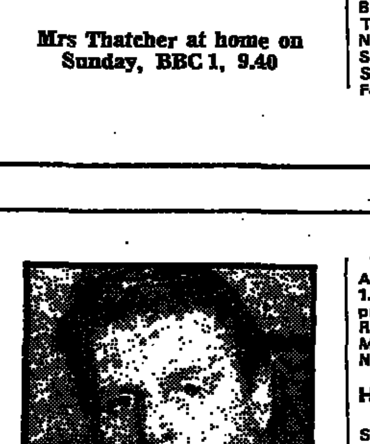
2.00 *pm* Union World. 2.30 Wales: Landscape and Legend. 3.00 All-Ireland Football Final. 5.15 Multinationals. 6.00 American Football. 7.15 Hanner Dwsin. 7.20 Newyddion. 7.30 Rosalind a Myrddin. 8.00 Rhaglen Hywel Gwynfryn. 8.35 Dechrau Canu Dechrau Canmol. 9.05 Great Western. †9.55 Feature Film: "The Last Hurrah," starring Spencer Tracy.

REGIONS

IBA Regions as London except at the following times:—

ANGLIA
9.30 am At Home With . . . 1.00 pm Benson. 1.25 Weather Trends. 1.30 Farming Diary. 3.30 Choosing. 5.30 Simon and Simon. †11.45 Lancaster. 12.45 am People Like Us.

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Fireball XL5. 1.30 Farming Outlook. 3.30 Errol Flynn: *Portrait of a Swashbuckler.* 5.30 The Baron.



Edward Fox in "The Father," BBC 2, 8.35

CENTRAL
9.25 am The Adventures of the Mouse on Mars. 9.30 Captain Scarlet and the Mysterons. 1.00 pm Gardening Time. 1.30 Here and Now. 3.30 Dangerfreaks. 5.30 Riptide. 11.45 "Spirits of Rock 'n Roll."

CHANNEL
12.25 pm Today's Weather. 12.26 Starting Point. 12.30 Link. 1.00 Gardens for All. 1.30 Breakthrough. 3.30 Athletics. 5.30 Puffin's Pla(i)ce. 5.33 Falcon Crest. 6.28 Channel News Headlines. 11.45 Quincy.

GRAMPIAN
9.25 am Cartoon. 9.30 Adventures of Gulliver. 10.00 Sesame Street. 1.00 *pm Farming Outlook. 1.30 Wild Heritage.* 3.30 Dangerfreaks. 5.30 Scotsport. 11.45 Function Room. 12.15 am Reflections.

GRANADA
9.25 am The Wonderful Stories of Professor Kitzel. 9.35 Window on the World. 11.00 Ulster *Landscapes.* 11.25 Aap Kaa Hak. 11.30 Down to Earth. 1.00 pm The Baron. 3.30 David Frost presents the 4th Guinness Book of Records Special. 5.00 Hardcastle and *McCormick. 6.00 Bullseye.* 11.45 The New Avengers.

HTV
9.25 am The Get Along Gang. 9.50 Science International. 1.00 pm The Protectors. 1.30 West Country Farming followed by Weather for Farmers. 3.30 Hotel. 5.30 Falcon Crest. 6.38 HTV News. 11.45 The Streets of San Francisco.

SCOTTISH
9.25 am Adventures of the Mouse on Mars. 9.30 Ulster Landscapes. 10.00 Sesame Street. 11.00 Getting On. 11.30 The Human Factor. 1.00 pm Airplanes, Men and Memories. 1.30 Farming Outlook. 2.00 That's the Spirit. 3.30 The Fall Guy. 5.30 Scotsport. 11.45 Late Call. 11.50 The Protectors.

TSW
9.25 am Getting On, followed by Getting On . . . Plus. 11.00 Ulster Landscapes. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens for All. 1.30 Farming News. 3.30 Man in a Suitcase. 5.30 Gus Honeybun's Magic Birthdays. 5.33 Falcon Crest. 11.45 The South West Week. 12.15 am Postscript.

TVS
9.25 am Cartoon. 9.45 Action Line. 1.00 pm Survival. 1.30 Enterprise South. 3.30 Hardcastle and McCormick. 5.00 Magnum. 5.55 TVS News. 6.00 Bullseye. 11.45 The Adventurer. 12.15 am Company.

TYNES TEES
9.25 am Morning Glory. 9.30 Getting On. 11.00 Ulster Landscapes. 11.25 Lookaround. 11.30 Fireball XL5. 1.00 pm Farming Outlook. 1.30 At Home With—General Sir John Hackett. 5.30 Magnum. 11.45 Epilogue.

ULSTER
12.58 pm Lunchtime News. 1.30 Bygones. 1.58 *Farming Weather.* 3.30 The Love Boat. 5.30 Short Story Theatre. 6.00 Invisible Men on the Beat. 6.38 Ulster News. 9.42 Ulster News. 11.45 Festival Folk: "Stockton's *Wing.*" 12.10 am Sports Results. 12.15 News at Bedtime.

YORKSHIRE†
9.25 am Regional Weather Forecast, followed by Getting On. 11.00 Ulster Landscapes. 11.30 Farming Diary and Inshore Weather. 1.00 pm Man in a Suitcase. 3.30 Scarecrow and Mrs King. 5.30 Hart to Hart. 11.45 Lancaster. 12.45 am Five Minutes.

RADIO

BBC RADIO 2

(S) = Stereo on VHF

7.30 am Roger Royle presents a special Harvest celebration "live" from Harescombe, Gloucestershire. 9.00 Melodies For You (S). 11.00 Bob Holness (S). 1.00 Brian Matthew presents *Two's People* (S). 2.00 Benny Green (S). 3.00 Michael Parkinson with a personal selection of his favourite music tracks. 4.00 The Random Jottings of Hinge and Bracket (S). 4.30 Sing Something *Simple* (S). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Robert Docker presides at the piano and plays some of his special arrangements. 7.30 Glamorous Nights introduced by Gordon Clyde. 8.30 Sunday Half-hour. 9.00 Your *Hnudred Best Tunes introduced* by Alan Keith. 10.02 Sports Desk. 10.05 Songs from the Shows. 10.45 Michael Reeves at the piano. 11.00 Sounds of Jazz (stereo from midnight). 1.00 am Bill Rennells presents Nightride (S). 3.00-4.00 Brian Matthew presents Two's Best (S).

BBC RADIO 3

7.00 am News. 7.05 Mozart String Quartets (S). 8.00 *Bach Cantatas* 1724 (S). 8.25 Handel Sonatas and Organ Concertos (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly. 11.15 BBC Philharmonic Orchestra at the Dome, Brighton, Part 1: Walton (Scapino). Elgar (Enigma Variations (S). 12.00 With His Bare Hands. 12.05 pm BBC PO, part 2: Brahms (Pianao Concerto Uo. 2, with John Lill) (S). 1.00 Medici String Quartet (S). 1.55 Lieder *Recital: Brian Rayner-Cook* (baritone) sings Schubert, Schreker, Wolf (S). 2.45 Royal Liverpool Philharmonic Orchestra Bax (Tintagel), Elgar (Violin Concerto, with Nigel Kennedy): 4.00 Interval Reading: 4.05 Vaughan Williams (Pastoral Symphony) (S). 4.45 Music for two Pianos: Andrew Ball and Julian Jacobson play Geoffrey Bush, Debussy, Poulenc. 5.30 Eye to Eye. 6.00 Twentieth-Century Music (S). 7.00 "The Light Shines in Dark-*ness,* play by Tolstoy (S). 9.00 London Symphony Orchestra, conducted by Claudio Abbado: Berg (Altenberg Lieder, with Jessye Norman): 9.15 phony No. 3) (S). 11.00 Bach: Interval Reading: 9.20 Mahler (Sym-Klavierubung (S). 11.57-12.00 News.

RADIO 4

8.00 am News. *8.10 Sunday Papers.* 8.15 Sunday. Clive Jacobs with religious news from home and abroad. 8.50 Leslie Crowther talks for the Week's Good Cause about the importance of finding good adoptive families for children. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service from St Nicholas Church Lincoln. 10.15 The Archers. 11.15 The Colour Supplement. 12.55 Weather. 1.00 *pm* The World This Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.40 Stubble Trouble. 4.00 News: Hear All About It. 4.30 The Living World. 5.00 News. 5.05 Down Your Way visits Congleton in Cheshire. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 A Good Read. 7.00 Travel; Shadows of Doubt by Palma Harcourt (S). 7.30 Workforce. 8.15 On Not Feeling at Home Abroad. 8.30 Literary Walks. 9.00 News: Howards. End (S). 9.58 Weather. 10.00 News. 10.15 You the Jury (S). 11.00 Grace in the Devil's Territory. 11.15 Talk of oThtan wlk CIT ,a 11.15 Talk of the Town, Talk of the Country. 11.45 John Morgan on Club Rugby. 12.00-12.15 am News